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MANAGEMENT GUIDE FOR FIELD ACTIVITY COMPTROLLERS

by

Daniel Maurice Lien

June 1989

Thesis Advisor: Glenn D. Eberling

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SECURITY CLASSIFICATION OF THIS PAGE

REPORT DOCUMENTATION PAGE

Form Approved
OMB No 0704-0188

1a REPORT SECURITY CLASSIFICATION UNCLASSIFIED	1b RESTRICTIVE MARKINGS
2a SECURITY CLASSIFICATION AUTHORITY	3 DISTRIBUTION / AVAILABILITY OF REPORT Approved for public release; distribution is unlimited
2b DECLASSIFICATION / DOWNGRADING SCHEDULE	
4 PERFORMING ORGANIZATION REPORT NUMBER(S)	5 MONITORING ORGANIZATION REPORT NUMBER(S)
6a NAME OF PERFORMING ORGANIZATION Naval Postgraduate School 6b OFFICE SYMBOL (If applicable) Code 54	7a NAME OF MONITORING ORGANIZATION Naval Postgraduate School
6c ADDRESS (City, State, and ZIP Code) Monterey, California 93943-5000	7b ADDRESS (City, State, and ZIP Code) Monterey, California 93943-5000
8a NAME OF FUNDING / SPONSORING ORGANIZATION 8b OFFICE SYMBOL (If applicable)	9 PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER
8c ADDRESS (City, State, and ZIP Code)	10 SOURCE OF FUNDING NUMBERS PROGRAM ELEMENT NO / PROJECT NO / TASK NO / WORK UNIT ACCESSION NO

11 TITLE (Include Security Classification)
MANAGEMENT GUIDE FOR FIELD ACTIVITY COMPTROLLERS

12 PERSONAL AUTHOR(S)
Lien, Daniel M.

13a TYPE OF REPORT	13b TIME COVERED	14 DATE OF REPORT (Year, Month, Day)	15 PAGE COUNT
Master's Thesis	FROM _____ TO _____	1989, June	86

16 SUPPLEMENTARY NOTATION
The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.

17 COSATI CODES			18 SUBJECT TERMS (Continue on reverse if necessary and identify by block number)
FIELD	GROUP	SUB-GROUP	Accounting; Budgeting; Comptrollership; Financial Management

19 ABSTRACT (Continue on reverse if necessary and identify by block number)

The focus of this thesis is to identify the important functions and responsibilities performed by field activity comptroller departments from the preponderance of Navy financial management directives, manuals and instructions, and to develop a comprehensive management guide which addresses each of these functions and responsibilities through a series of questions and statements. The resulting management guide will be included in the Practical Comptrollership Course (PCC) offered by the Naval Postgraduate School in Monterey, California, and is primarily intended for use by PCC students when relieving field activity comptrollers or as a routine management tool.

20 DISTRIBUTION / AVAILABILITY OF ABSTRACT	21 ABSTRACT SECURITY CLASSIFICATION
☒ UNCLASSIFIED/UNLIMITED ☐ SAME AS RPT ☐ DTIC USERS	Unclassified
22a NAME OF RESPONSIBLE INDIVIDUAL Prof. Glenn D. Eberling	22b TELEPHONE (Include Area Code) (408) 646-2884 22c OFFICE SYMBOL Code 54Er

DD Form 1473, JUN

Previous editions are obsolete

S/N 0102-LF-014-6603

SECURITY CLASSIFICATION OF THIS PAGE

UNCLASSIFIED

Approved for public release; distribution is unlimited

Management Guide for Field Activity Comptrollers

by

Daniel Maurice Lien
Lieutenant Commander, Supply Corps, United States Navy
B.S., Utah State University, 1978

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL
June 1989

ABSTRACT

The focus of this thesis is to identify the important functions and responsibilities performed by field activity comptroller departments from the preponderance of Navy financial management directives, manuals and instructions, and to develop a comprehensive management guide which addresses each of these functions and responsibilities through a series of questions and statements. The resulting management guide will be included in the Practical Comptrollership Course (PCC) offered by the Naval Postgraduate School in Monterey, California, and is primarily intended for use by PCC students when relieving field activity comptrollers or as a routine management tool.

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TABLE OF CONTENTS

I. INTRODUCTION ---------- 1

A. BACKGROUND ---------- 2

B. RESEARCH OBJECTIVE ---------- 2

C. RESEARCH QUESTION ---------- 2

D. SCOPE, LIMITATIONS, AND ASSUMPTIONS --------- 3

E. LITERATURE REVIEW AND METHODOLOGY ---------- 4

F. ORGANIZATION OF STUDY ---------- 5

II. COMPTROLLER DEPARTMENT ORGANIZATION, FUNCTIONS, AND RESPONSIBILITIES ---------- 6

A. BUDGETING ---------- 6

B. ACCOUNTING ---------- 11

III. MANAGEMENT GUIDE FOR FIELD ACTIVITY COMPTROLLERS ---------- 14

A. GENERAL COMPTROLLER DEPARTMENT ---------- 14

B. BUDGET DIVISION ---------- 19

C. ACCOUNTING DIVISION ---------- 31

IV. CONCLUSIONS AND RECOMMENDATIONS ---------- 52

APPENDIX: GLOSSARY ---------- 53

LIST OF REFERENCES ---------- 79

BIBLIOGRAPHY ---------- 80

INITIAL DISTRIBUTION LIST ---------- 81

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I. INTRODUCTION

The purpose of this thesis is to develop a comprehensive management guide for field activity comptrollers. The management guide will be included in the Practical Comptrollership Course (PCC) offered by the Naval Postgraduate School in Monterey, California, and is primarily intended for use by PCC students when relieving field activity comptrollers or for use as a routine management tool.

The management guide was developed by first identifying the functions and responsibilities performed by field activity comptroller departments and then addressing each of these functions and responsibilities through a series of questions and specific statements. The checklist guide was reviewed by ten Navy comptrollers for accuracy and completeness.

The management guide, when implemented, should enhance the entire relieving process for field activity comptrollers as a result of more knowledgeable relieving participants and step-by-step turn-over procedures. In addition, the management guide can be used by newly reporting comptrollers to determine the effectiveness of the current comptroller organization. Information gained by completing the

management guide can be used by the comptroller to establish goals and objectives for his/her tour.

A. BACKGROUND

Past students of the PCC suggested that relieving procedures be added to the PCC textbook as an aid to field level comptrollers reporting to new commands. Similar guides exist for most Navy sponsored training and as a whole are effective.

B. RESEARCH OBJECTIVE

The research objective was to develop a comprehensive management guide for field activity comptrollers. The guide was written by functional area to coincide with the typical organization of a comptroller department at the field activity level. The three functional areas are General Comptroller Department, Budget Division, and Accounting Division.

C. RESEARCH QUESTION

The primary research question was this: What functions and processes should be monitored by field activity comptrollers to assist them in managing their organizations more efficiently and effectively? Subsidiary research questions were as follows:

* What functions and processes are performed by field activity comptroller departments?

* What are the established performance standards for field activity comptroller departments set by higher authority (major/sub-claimant)?

* What qualitative and/or quantitative data can be used to monitor the performance of field activity comptroller departments?

D. SCOPE, LIMITATIONS, AND ASSUMPTIONS

This thesis focuses on the functions and responsibilities of comptroller departments at the field activity level because the majority of students who will ultimately use the management guide are employed at this level.

The management guide is intended for use by comptrollers from all warfare communities (e.g., aviation, submarine and surface); therefore, it was written to be generic in nature. In cases where the management guide addresses a topic pertinent to a specific type of naval activity, it is either identified as such or is intuitively obvious to the reader.

A crucial assumption made in preparing the management guide is that the student has some training or experience in financial management or accounting. It was also assumed that the student has been introduced to the major instructions and manuals governing Navy financial management. Given these assumptions, the management guide does not include specific financial management instructions or address topics in the same detail as the PCC textbook.

E. LITERATURE REVIEW AND METHODOLOGY

Information for this thesis was obtained through two research methods: a review of current Navy financial management directives, instructions and manuals and other pertinent literature; and field research.

1. Literature Review

A thorough review of available research was conducted to prepare a preliminary outline of the management guide. The review encompassed previous research conducted in the area of Navy financial management, major Navy financial management manuals (e.g., the Navy Comptroller (NAVCOMPT) Manual and Financial Management of Resources Operation and Maintenance of Shore Activities (NAVSO P-3006)), and textbooks used in the Financial Management (837) curriculum at the Naval Postgraduate School.

The preliminary outline, arranged by functional area, was initially completed with information received from the following Navy Type Commanders (TYCOMs):

* Commander, Naval Air Force, U. S. Atlantic Fleet (COMNAVAIRLANT);
* Commander, Naval Submarine Force, U. S. Atlantic Fleet (COMNAVSUBLANT);
* Commander, Naval Surface Force, U. S. Atlantic Fleet (COMNAVSURFLANT);
* Commander, Naval Air Force, U. S. Pacific Fleet (COMNAVAIRPAC);
* Commander, Naval Submarine Force, U. S. Pacific Fleet (COMNAVSUBPAC); and

* Commander, Naval Surface Force, U. S. Pacific Fleet (COMNAVSURFPAC).

This information was in the form of directives and instructions governing all aspects of financial management at ashore field activities. Specific performance standards were included when generically applicable to activities of all TYCOMs.

2. Field Research

Field research included personal and telephone interviews with ten past and present Navy field activity comptrollers. Each comptroller was provided with a copy of the management guide and requested to verify it for accuracy and completeness. Invaluable information was received through this research method, as "in-the-field" experience was applied in making corrections and updating the guide to bridge the time lag between written manuals and current operations.

F. ORGANIZATION OF STUDY

Chapter II identifies the functions and responsibilities of field activity comptroller departments. Chapter III is the Management Guide for Field Activity Comptrollers. Chapter IV provides conclusions and recommendations. Definitions of technical terms used in comptroller departments are included in the Appendix.

II. COMPTROLLER DEPARTMENT ORGANIZATION, FUNCTIONS, AND RESPONSIBILITIES

The field activity comptroller is responsible for the following (NAVCOMPT Manual, paragraph 012100):

* providing technical guidance and direction in financial management throughout the local organization as a staff service to the commanding officer;
* maintaining a classification of the programs administered, their objectives, and a current inventory of budget plans and program schedules;
* formulating, reviewing and monitoring execution of local budgets;
* collecting obligation, expenditure, cost, and other accounting and operating data;
* reviewing program performance against the financial plan; and
* promoting economy and efficiency in the performance of assigned programs.

The comptroller accomplishes these assignments through two divisions, budgeting and accounting. A typical field activity comptroller department organization is depicted in Figure 1. (PCC Textbook Companion Guide, p. H-25)

A. BUDGETING

The Budget Division's primary purposes are to initiate actions which identify and assess activity funding requirements through the budget formulation process and to monitor the budget execution of the approved programs. (Navy Financial Management and Accounting, p. 1-21) In this

COMPTROLLER DEPARTMENT ORGANIZATION (FIELD ACTIVITY LEVEL)

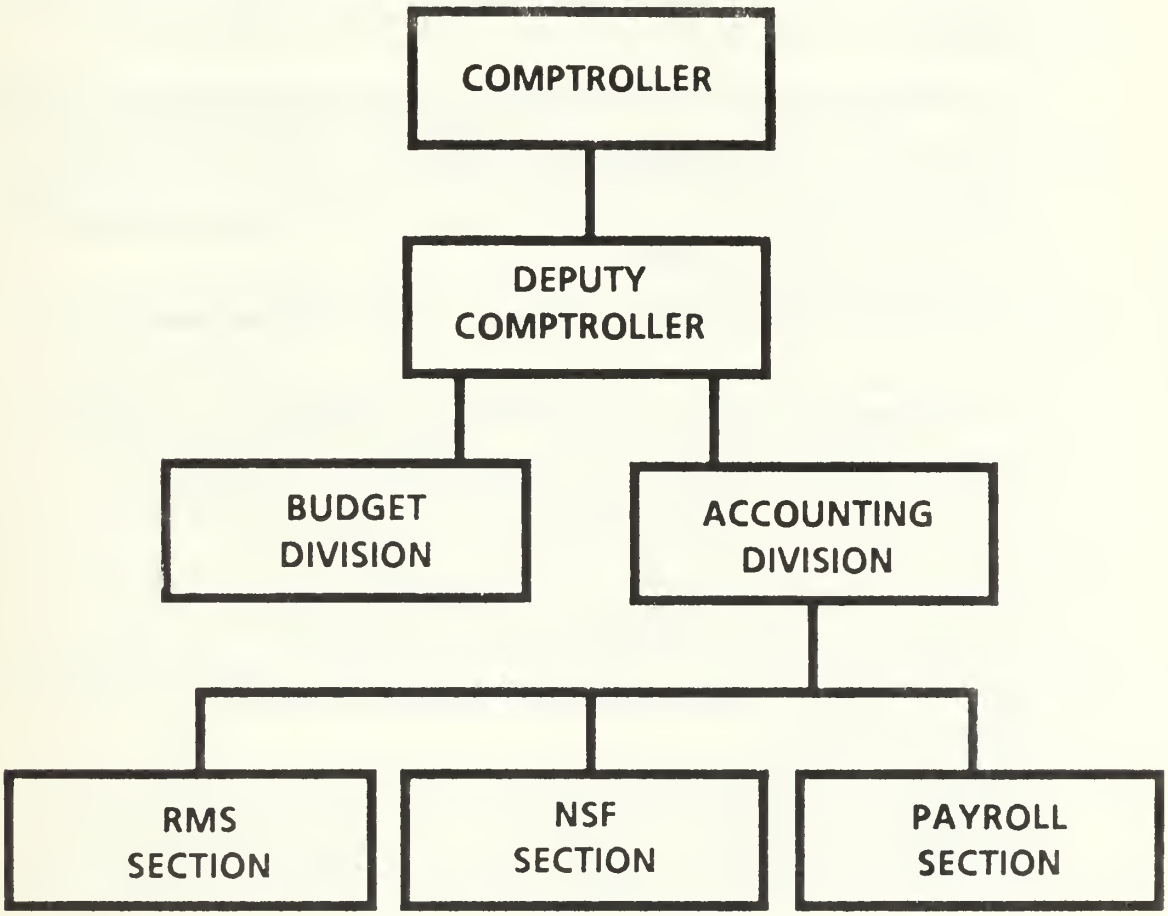

Figure 1. Comptroller Department Organization

sense the budget formulation process includes those actions performed in the development, review, justification, and presentation of budget estimates. The budget execution process includes all actions required to accomplish effectively, efficiently, and economically the programs for which funds were requested and approved by competent higher authority.

The major functions and responsibilities of the Budget Division are to (PCC Textbook Companion Guide, p. H-24):

* provide guidance and instructions for preparation of the activity's budget;
* review budget estimates submitted by departments;
* recommend approval, revision or disapproval of items on estimates to the commanding officer;
* prepare the activity's budget and justification;
* prepare the activity's spending plan;
* control funds authorizations to the activity and operating target (OPTAR) authorizations;
* review program performance against the activity's spending plan;
* analyze variances, recommending action where appropriate; and
* manage Inter Service Support Agreements (ISSAs)/ Reimbursables.

More specifically, the Budget Division will perform the following tasks (Navy Financial Management and Accounting, p. 1-21--1-23):

Budget Formulation

* provide interpretations and determinations of command budget policy and disseminate budget requirements to activities from whom budget information is needed;

* maintain liaison with higher authority in the formulation, justification, and execution of funding requirements;

* issue budget calls to activity departments and cost centers, augmenting budget calls of higher authority with additional guidance and information as required;

* review budget estimates submitted by departments and cost centers and recommend approval, revision, or disapproval of items and programs to the commanding officer, in order to develop the activity approved budget;

* advise the commanding officer on types and levels of resources required to implement immediate, mid and long-range plans;

* recommend alternative methods of meeting command requirements in consonance with cost, feasibility and effectiveness in order to attain the greatest benefit from any given resource expenditure;

* coordinate and prepare various documents to support DOD FYDP (Five Year Defense Plan) reporting;

* prepare budget and apportionment exhibits and associated budgetary data in formats specified by higher authority;

* present and defend budget and apportionment submissions at the various levels of review providing informed supporting witnesses as required; conduct a post-cycle critique to determine where improvements in command budgeting practice should be undertaken;

* evaluate the impact of budget review decisions (e.g., Congressional markup); organize and coordinate the preparation of position papers or appeals involving budget programs; and develop program adjustment actions to conform to decisions of higher authority.

Budget Execution

* develop a financial plan based on approved programs and distribute financial resources to the activities'

departments and cost centers through the issuance of operating targets;

* apply, for budgeting purposes, provisions of substantive law relating to the availability of appropriated funds or obtain from the appropriate legal office any necessary interpretation of statutory language;

* develop and maintain jointly with the accounting function, a fund authorization control system to ensure that overauthorization of available funds does not occur;

* estimate the probable impact of slippages and impending changes in operation plans and individual budgets and prepare recommendations for adjustments;

* analyze program performance in comparison to the budget plan, study variances from the plan in terms of their effect on the funding of programs, and make recommendations for rebalancing and/or reprogramming actions as appropriate;

* develop and/or coordinate reporting systems within the activity for qualitative analysis of budget performance against approved programs;

* review the use of funds by program to ensure compliance with budget policy and to ensure that command priorities are carried out;

* coordinate and/or approve activity financial interests incident to support agreements executed with other activities;

* perform duties associated with budgetary control of centrally managed funds;

* maintain records on budget plans and schedules; examine trends and program status and report variances from plans to responsible levels of management;

* provide a central coordination point for all budgetary data released to higher authority;

* prepare recurring progress reports for top management for all major programs as related to the financial plan, highlighting unusual situations;

* serve as a liaison with higher or lateral authority on matters relating to program reports and statistics, as

related to budgetary matters, and perform special statistical analysis as required.

B. ACCOUNTING

The purpose of the Accounting Division is to provide full disclosure of the financial results of operations to meet the requirements of both internal management and external agencies. (Navy Financial Management and Accounting, p. 1-16) The Accounting Division provides management with timely financial information necessary to support the preparation of budget estimates and facilitate the budget execution process.

The major functions and responsibilities of the Accounting Division are to (PCC Textbook Companion Guide, p. H-27):

* maintain required accounting records;
* prepare accounting reports for local management and for submission to higher authority;
* conduct cost accounting operations;
* maintain plant property account records;
* maintain civilian pay, leave and retirement records and payroll; and
* possibly maintain Navy stock fund records.

More specifically, the Accounting Division will (Navy Financial Management and Accounting, p. 1-18 - 1-20):

* maintain required accounting records for plant property;
* maintain civilian pay, leave, and retirement records and prepare civilian payrolls;

* review all proposed fund distributions prior to release as a validation to ensure that such actions will not place programs in a deficit status; and issue funding documents that assign this responsibility;

* apply, for accounting purposes, provisions of substantive law relating to the availability of appropriated funds, or obtain from the appropriate legal office any necessary interpretation of statutory language;

* conduct obligation validation reviews, no less frequently than three times a year, in order to fulfill the legal requirement for fiscal year-end certification, and in order to eliminate erroneous obligations, considering unliquidated obligations and unobligated balances;

* maintain record of expenditures by end use (functional account) and object for which spent (object class);

* monitor the status of reimbursables and ensure the timely collection of accounts receivable;

* ensure that transactions are not processed against reimbursable orders in excess of amount of order;

* reconcile memorandum records with official accounting records not less than monthly, including reimbursables and prior year transactions; reconcile these records with higher authority as required;

* process and promptly return to the appropriate accounting activity records permitting correction of accounting errors;

* review and analyze new and proposed legislation, regulations, or policies and procedures issued by higher authority, and take appropriate actions to implement such policies or make recommendations as required;

* implement accounting policy and procedures s applicable to the activity; and develop or establish nique accounting practices to the activity;

* issue manuals, directives and instructions, as authorized, pertaining to field activity accounting procedures;

* assist departments and cost centers in accounting practices applicable to the activity;

* develop and/or coordinate reporting systems within the activity for accounting data necessary for management purposes;

* prepare and distribute accounting reports for use at the local level and for submission to higher authority portraying the status of funds at all levels;

* review any report of violations of the administrative control of funds regulations; prepare the command position on actual violations; and finally, monitor any irregularities which may indicate a trend toward such violations;

* conduct a continuous review of accounting reports to ensure responsiveness to management needs;

* serve as liaison with higher or lateral authority on matters relating to program reports and statistics as related to accounting matters and perform special statistical analyses as required.

III. MANAGEMENT GUIDE FOR FIELD ACTIVITY COMPTROLLERS

The following management guide was written by functional area to coincide with the typical organization of a comptroller department at the field activity level. The three functional areas are General Comptroller, Budgeting, and Accounting. References included in the series of questions and statements provide background information for specific areas addressed.

A. GENERAL COMPTROLLER DEPARTMENT

1. Personnel

a. Organization/Staffing

* How does the comptroller department fit into the activity's organization? Is it a staff function reporting directly to the Commanding Officer as required by OPNAVINST 7000.19B?
* Review the department's organization chart. Is it current?
* Is every individual in the department assigned a specific responsibility?
* Review with your predecessor and/or division heads the accounting/budgeting expertise available in the department for each job in the organization chart. If the individual in any given p ition were suddenly no longer available, who would f ıl the position?
* Is the department adequately staffed to perform its assigned functions?
* Are there any vacancies in the current staff? If so, what is the status of filling these vacancies?
* What are the professional strengths and weaknesses of the comptroller staff?

* Are the civilian personnel position descriptions (PDs) up to date? When were the last PD reviews conducted?

* Review the service records and performance appraisals of key department personnel. Does the department have any problem performers? Is so, do their records contain documented counseling?

* Which employees have been recognized in the past for exemplary performance (e.g., Letters of Appreciation/ Commendation or Sustained Superior Performance awards)?

* How much Managing to Payroll (MTP) authority does the department have?

* Does the activity manage civilian personnel manning levels by ceiling points? If so, how many points are assigned to the department?

* Does the department utilize summer hires, temporary employees, junior fellows or other civilian personnel programs to stretch MTP funding?

* How is overtime monitored within the department?

b. Training

* Are department personnel adequately trained to perform the assigned functions?

* Are personnel cross-trained? Is cross-training conducted on a continuing basis?

* Review the department's training program. Is there a long range plan covering the current and following two years?

* Does the long range plan consist of professional schools and seminars recommended for department personnel for advancement within their respective personnel series or rating?

* Does the plan include approximate costs for travel and tuition? What is the department's travel and training budget?

* How are school quotas obtained at the activity? Contact the civilian and military training departments.

* Are efforts made to utilize local school quotas and economize travel/training funds?

* Is a separate training record maintained for each individual?

* Does the training program appear to be active and effective or merely "gun-decked"?

* Is on-the-job training effectively utilized within the department?

* Do department personnel receive Standards of Conduct training as required by SECNAVINST 5370.2?

* Does the department conduct Privacy Act training?

2. Administration

a. Miscellaneous

* Request a list of germane higher authority (i.e., DON, SECNAV, NAVCOMPT, major/subclaimant) publications, instructions and manuals. Are they current? The list should at least include:

- Navy Comptroller (NAVCOMPT) Manual, Volumes 1,2,3,4, 7 and 8

- Financial Management of Resources Operation and Maintenance of Shore Activities (NAVSO P-3006)

- NAVCOMPT Year End Closing Notice 7300

- Major/Subclaimant/Type Commander Instructions and Notices

- Authorization Accounting Activity (AAA)/Financial Information Processing Center (FIPC) Instructions

- Principles of Federal Appropriation Law (GAO Publication)

- Federal Personnel Manual (FPM)

- Joint Federal Travel Regulations (JFTR).

* Are the publications/instructions/manuals readily available to all department personnel?

* Is there an effective system for informing department personnel of manual changes and directives pertinent to their work?

* What activity level instructions are sponsored by the comptroller department? Are they current?

* Are desk-top procedures documented? Are they up to date?

* Are there any ongoing projects which will not be completed prior to relief of the incumbent comptroller?

* Is there a system for coordinating and monitoring department projects?

* What is the status of the department's operating target (OPTAR)? What is the department authorized? What are the current commitment, obligation and expenditure figures? What is the remaining balance in the OPTAR?

* Has all department minor property been sighted or properly accounted for?

* Is all missing/lost/stolen property properly documented and surveyed?

* Review a list of the department's Letters of Authority. Do any of them need to be rewritten upon relieving?

* Is a relieving letter between the incumbent/incoming comptrollers required? What is the proper format?

* Draft a memorandum for distribution within the activity stating you have relieved the comptroller. Identify which of the predecessor's policies remain in effect upon your relieving.

b. Inspections

* Is there a file of past inspections (e.g., Inspector General, Type Commander and local audits)?

* In all cases, have discrepancies in the latest inspections been properly addressed or corrected? If not, what outstanding actions remain?

* When are activity status reports on the outstanding actions due?

* When are the next inspections/assist visits scheduled?

* Does the department have any recurring problem areas?

* Due to perceived problem areas within the department, should an audit/inspection be requested prior to relieving the incumbent comptroller?

c. Communication/Correspondence

* Is there a department bulletin board? Who is responsible for its upkeep?

* Is it accessible to all members of the department?

* Is it kept current and used effectively for communicating information (e.g., notices, plans of the day)?

* When, and how often, is the comptroller briefed on pertinent management information from the department's section supervisors (e.g., status of payroll, funding or budget matters)?

* How often are staff meetings conducted to disseminate management information to all levels of the department? Who is responsible for preparing meeting agendas?

* Is there an efficient tickler system to control and expedite action by, and replies to, incoming correspondence?

* Are the activity's regulations for preparation and routing of outgoing correspondence known and observed by all department personnel concerned?

* Are required reports chopped through the divisional chain prior to presentation to the division head or department head?

* What is the status of incoming or outgoing correspondence requiring or awaiting action? Are you being left with any problems other than those of internal administration?

* Are telephone messages handled effectively within the department?

B. BUDGET DIVISION

1. Budget Formulation

Information for the following sections was taken from (NAVCOMPT Manual, Volume 7, Chapter 2; NAVSO P-3006, Chapter 3; PCC Textbook, Module C).

a. General

* Who are the activity's points of contact at higher authority (i.e., the major/subclaimant level)?

* Does the current budget call from higher authority include instructions/guidance for the content of budget estimates, a submission schedule, directed inflation and budgeted foreign currency rates and other pertinent budget submission information?

* What are the control numbers (i.e., the maximum dollars and personnel end strengths which cannot be exceeded) for this year's budget submission? What is the pricing guidance?

* What are the budget submission due dates for appropriations affecting your activity (e.g., Operation and Maintenance, Navy (O&M,N), Other Procurement Navy (OPN), Industrial Plant Property (IPE)/Non-IPE, Information Systems/Computer Acquisition)? How does your activity prepare for these to ensure a timely submission?

* What is the current status of these budget submissions?

* Who prepares Program Objective Memorandum (POM) issue papers in your activity's budget submission chain of command?

* What is the current status of outstanding POM issues?

* Do any of the issue papers need to be updated?

* What is the current status of NAVCOMPT budget marks and reclamas affecting your activity? Are any pending?

b. Internal Budget Calls/Requests

* Is the budget preparation process at your activity centralized (small activities) or decentralized (large activities)? (NAVCOMPT Manual para. 072102 and NAVSO P-3006, para. 301)

* Do lines of budget responsibility (i.e., submission, review and approval) at your activity coincide with organizational responsibility?

* Is the activity's budget call to cost centers in the form of a command directive signed by the Commanding Officer?

* Does it include the following essential information:

  - The Commanding Officer's goals and priorities?

  - Budget guidance from higher authority?

  - Historical budget data?

  - Comptroller department points of contact?

  - Local forms and required exhibits?

  - Due dates?

* What approach to internal budget calls does the activity use:

  - Zero based budgeting? (Budgets are built from the ground up.)

  - Incremental budgeting? (Plus/minus deviations from last year's amount)

  - Provide control numbers? (Tell the cost centers how much they will get)

* Is the activity's budget call clear/concise, timely and comprehensive?

* Is budget formulation training offered by the comptroller department?

* Does detailed budget preparation at the activity begin at the lowest level of responsibility in the cost center to ensure information accuracy? (NAVSO P-3006, para. 301)

* For overseas activities, what is the current budgeted foreign currency figure?

c. Unfunded Requirements

* Is the unfunded requirements list prioritized and fully priced?

* What procedures are followed in determining priorities of unfunded requirements?

* Are department heads consulted for unfunded requirement submissions? Do they provide valid requirements?

* How current is the unfunded requirements list? How often is it updated?

* Are unfunded requirements carefully documented and justified?

* Is their impact on mission accomplishment clearly stated?

d. Budget Review

* Who ultimately reviews the combined budget input from the activity's departments/cost centers, the comptroller department or a formal resource allocation board?

* Does the Commanding Officer's budget review process ensure the operating budget gives economic recognition to all known requirements, that workload planning is valid and the cost estimates are fully supportable to higher authority reviews? (NAVSO P-3006, para. 304)

* Is economic analysis performed prior to any decision involving the long term commitment of resources? Who is responsible for economic analysis?

* What types of economic analysis are performed:

- Time value of money not considered?

Payback period
Simple rate of return

- Time value of money considered?

Present value
Net present value
Discounted rate of return
Present value index

- Least cost analysis?

e. Budget Formats/Forms

* What budget formats and exhibits are used by the activity? (NAVSO P-3006, paras. 304 & 309)

* What forms or exhibits are required for submission by higher authority? How much supporting documentation is required? Is it forwarded to higher authority on a disk or hardcopy?

2. Budget Execution

Information for the following section is taken from (NAVCOMPT Manual, Volume 7, Chapter 3; NAVSO P-3006, Chapters 3 and 5; PCC Textbook, Module D).

a. Resource Authorizations

* Is activity funding adequate to fulfill the activity's mission as assigned?

* Review the activity's Resource Authorizations (NAVCOMPT Form 2168-1s). (NAVSO P-3006, paras. 305-306)

* What is the activity's New Obligational Authority (NOA) stated in column (11) of the NAVCOMPT Form 2168-1? This figure represents the money value of gross adjusted obligations which may be incurred against NOA for the current fiscal quarter and is subject to Title 31 U.S. Code 1517 (discussed later).

* What is the amount of Funded Reimbursable Obligational Authority estimated in addition to the activity's NOA? This is funding received from other activities specifically for support provided to them by your activity.

* Are there any maximum (ceiling) or minimum (floor) amounts of an appropriation designated for a specified purpose, often referred to as fences? Examples of these amounts administered as targets or limitations imposed by Congress are: ceiling--travel funding, floor--maintenance of real property facilities.

* Are there any other special limitations, restrictions or targets identified in the remarks section of the NAVCOMPT Form 2168-1s?

* Check the AAA/FIPC funding report. Are the activity's resource authorizations properly input?

b. Budget Policy/Control

* Is the activity currently under investigation for possible Title 31 U.S. Code 1301 (a) violations for improperly using funds or moving/interchanging appropriations without proper disclosure and approval? (NAVCOMPT Manual, para. 073200 and NAVSO P-3006, para. 306) An example of a 1301 violation would be using O&M,N funds for a new truck worth $20,000.

* What local controls exist to prevent misuse of funds?

* Is the activity currently under investigation for possible Title 31 U.S. Code 1517 violations for overspending or overobligating any of its allotted funds? (NAVCOMPT Manual, para. 073200 and NAVSO P-3006, para. 306) If yes, what is the status of violation reports? (NAVCOMPT Manual paras. 032010-3b and 032011 and NAVSO P-3006, para. 607)

* Review methods for prevention of overobligation and overexpenditure. Are procedures established to quickly identify problems and determine causes of significant variances? (NAVSO P-3006, para. 404)

* Review expense/investment obligations. (NAVCOMPT Manual, para. 075001) O&M,N funds may not be used to buy equipment with a system unit cost greater than $15,000. Have new systems been purchased piecemeal to circumvent this ceiling?

* NAVCOMPT Manual para. 073002, stipulates that no more than 20 percent of an annual appropriation shall be obligated during the last two months of the fiscal year. In addition (as a general guideline) obligations for the fourth quarter of the fiscal year will not exceed obligations for the third quarter except in cases for which approval has been obtained from a higher authority (e.g., to carry out a seasonal requirement or an essential program objective). To verify the activity has not violated these rules perform the following checks:

  - The amount in the "Balance-Current-Month" column of the Trial Balance Report (NAVCOMPT 2199), general ledger account 0998 (Gross Adjusted Obligations-Direct), for July should be at least 80% of the amount appearing in the September report.

  - Compare July obligations for expense element T (supplies) and expense element W (equipment procurement) with September obligations. Investigate

further if the July obligations are less than 80% of the obligations reported in September.

- If fourth quarter obligations exceed third, was permission obtained in advance from higher authority?

* Have circumstances beyond the control of the activity made it impossible for them to meet obligation requirements of the previous question (i.e., has the major/subclaimant held funding until the fourth quarter and then dispersed it to the activity)?

* What are the quarterly and year end obligation goals established for the activity by higher authority?

* How does the comptroller department ensure the budget control rules are being followed?

* Are activity personnel (i.e., the Commanding Officer, department heads, recordskeepers) properly trained and fully aware of Title 31, expense/investment, year end spending and other pertinent rules and regulations?

c. Budget Reports/Management

* Has the comptroller department developed a spending plan for the activity to reflect the differences between the budget requested and the funding granted? Is it current?

* Is the spending plan broken into activity and subactivity groups by expense elements on a NAVCOMPT Form 2179-1? (NAVSO P-3006, paras. 307 & 309)

* Has the spending plan been distributed to higher authority, the activity's cost centers and its AAA/FIPC?

* Is the spending plan periodically updated by a quarterly resubmission to higher authority?

* Who monitors the spending plan with actual expenditures? Are the procedures adequate?

* Evaluate the overall effectiveness of financial management reporting.

* Is internal reporting at the cost center level adequate for department heads? Does it provide enough detail for management decisions?

* Is a departmental budget/allocation report used to inform department heads of funding authorized,

committed, obligated, expended and any balance remaining?

* Review a copy of the Commanding Officer's (CO) budget report. How often is the CO briefed?

* How often is the department head budget report distributed? Is it timely enough so that only minimum records are required at the department level?

* What types of continuing budget performance reviews are conducted at the activity? (NAVCOMPT Manual, para. 073300 and NAVSO P-3006, para. 308)

* Do internal reporting procedures for cost center budget execution provide:

  - Actual expenses compared to the plan?

  - Significant variances in actual expenses?

  - Reasons for the variances?

  - Status of the total operating budget?

* Does the comptroller department perform statistical analysis when interpreting budget reports?

* After analysis of the operating budget are actions taken to adjust the planned operating budget to the actual cost profile and make appropriate shifts of funds between departments and/or cost centers? (NAVSO P-3006, para. 308)

* What methods are used by the activity to ensure report accuracy?

* How does the activity prepare for midyear review of O&M,N funding with higher authority? (NAVCOMPT Manual, para. 073300)

* When are funding conferences normally scheduled (i.e., midyear review, flying hour program, etc.)?

* Is there a contingency plan for unexpected changes in activity mission, funding, potential environmental issues or other areas?

* Is approval from higher authority required prior to reprogramming of direct funds? Is there a reprogramming threshold before notification is required?

* What is the average yearly amount reprogrammed?

* How often is reprogramming requested?

* Which underfunded areas usually require reprogramming?

* Is there a record of approval for each reprogramming action?

* Have contingency plans been developed to accommodate additional unexpected funding authority from major/subclaimants at midyear and year end?

* In case of a cut in funding, has the activity considered any of the following to mitigate the impact:

  - Adjusting variable contracts, requisitions or any other documents where changes in financial obligations can be made?

  - Looking for additional reimbursable work?

  - Deferring work?

  - Substituting less expensive items?

  - Deleting low priority items entirely?

  - Executing various civilian personnel actions (e.g., strict controls on overtime, leave without pay, gapping billets, reductions in force)?

* What procedures are followed to determine funding allocations to departments/cost centers?

* Is there a Commanding Officer's contingency fund? Who manages it? What percentage of the budget is it?

* Are budget resources allocated to the lowest level (cost center/sub-cost center) for obligation?

* Has the comptroller department established local management codes and/or cost account codes to assist n internal tracking and accounting?

* Are there any front loaded obligations to cover the expense of copiers, contracts or other recurring items?

* Are there any anticipated spending or hiring freezes?

* Review a list of the activity's Commercial Activity (CA)/A-76 contracts. What, if any A-76 studies remain outstanding?

* How is year end spending controlled to ensure full obligation of funds?

  - Is a cut-off date established for routine obligations, say 15 September?

  - Does each department submit requisitions to the comptroller department for requirements after this date?

  - Does the comptroller decide which requisitions to fund and then submit daily obligations?

  - Does the comptroller pull back fund balances left in OPTARs?

  - Is overtime monitored daily?

  - Is a daily funds control report prepared?

* Are procedures established to recoup excess funds, both New Obligational Authority and Funded Reimbursable Work or Services, from the activity at the end of the fiscal year? (NAVSO P-3006, para. 310)

d. Operating Target Accounting

* Is there an activity operating target (OPTAR) instruction? Is it well written with numerous examples?

* Is OPTAR recordskeeping training offered to department heads and cost center custodians?

* Is there a qualification process for OPTAR recordskeepers?

* Does the comptroller department provide OPTAR status reports to the activity's departments on a regular basis? Do the reports provide adequate information?

* Are OPTARs given out to departments/cost centers in writing?

* Do department heads normally over/under obligate? Do they understand their financial responsibilities?

* Is there a problem at the activity of not recording obligations?

* What local controls have been established to ensure action is taken, through the supply department, confirming OPTAR holder review of undelivered orders and consignments which indicated material received but not charged?

* Are OPTAR logs reviewed by the recordskeeper and the division officer/department head?

* What procedures are in effect to reconcile OPTAR logs with AAA/FIPC records?

* What are the obligation rates for current and prior year funding? Are they according to higher authority instructions?

* Does the activity have an obligation validation goal? Is it a local goal or is it imposed by higher authority?

* Are OPTAR logs reviewed at least once a year to ensure compliance with activity directives?

* What controls have been established to ensure financial copies of all requisitions originated by OPTAR holders are received by the comptroller department in a timely manner and processed to official records?

* What are the AAA/FIPC established cutoff dates for posting transactions to the official accounting records? (NAVSO P-3006, para. 502-7)

e. Interservice Support Agreements/Reimbursables

* Obtain a list of current Interservice Support Agreements (ISSAs). Are the ISSAs properly costed out?

* Are other less formal agreements (e.g., memorandums of understanding, letters of agreement or mutual aid agreements) in effect?

* Are there any services you are providing or being provided that are not covered by an ISSA? What are the budget impacts of these services?

* Is there cost center input to all germane agreements?

* Is there an ISSA review schedule?

* Are changes made to ISSAs to account for inflation, labor cost and utility rate fluctuations?

* Are there any pending ISSAs?

* Request a list of the current reimbursables containing the following information: customer, type of reimbursable instrument, appropriation and type of service performed.

* Are Orders for Work or Services (NAVCOMPT Form 2275) used as reimbursable Economy Act Orders (formerly work requests)/Project Orders prepared according to NAVCOMPT Manual, para. 035410?

* Are NAVCOMPT Form 2275s properly issued as Project Orders for specific jobs/projects and Economy Act Orders for recurring day-to-to services as specified in NAVCOMPT Manual, paras. 035406 and 035409, respectively?

* Are the following two conditions met for all Project/ Economy Act Orders prepared on NAVCOMPT Form 2275s (NAVCOMPT Manual, para. 035411):

  - A need for the work requested exists in the fiscal year the reimbursable order is let.

  - At least 51 percent of the requested work is performed by the performing activity (i.e., the performing activity can not simply contract out the work requested)?

* Are Project Orders submitted during the month of September reviewed closely to ensure the work requested is begun before the end of the fiscal year?

* Do local procedures/criteria exist for accepting and/or rejecting reimbursable work or services? (NAVCOMPT Manual, para. 035411)

* Review all incoming reimbursable documents (NAVCOMPT Form 2275s) in excess of one year old. Can any of the jobs be closed out and the excess funds returned to the grantor?

* Review incoming reimbursable documents to ensure the activity is not charging customer activities for common services.

* Review the activity's outgoing reimbursable documents (NAVCOMPT Form 2275s). Have unaccepted documents over 14 days old been obligated prematurely by the performing activity?

* How are reimbursable work orders controlled? Do procedures exist, including periodic reviews of the Status of Reimbursable Orders (NAVCOMPT Form 2193s), to

ensure authorized funding limits are not exceeded? (NAVCOMPT Manual, paras. 032010 & 035416 and NAVSO P-3006, paras. 306-2c & 404.)

* Are NAVCOMPT Form 2193s used to return excess funds to the funding grantor? (NAVCOMPT Manual, para. 035416 and NAVSO P-3006, para. 601-11)

* Are NAVCOMPT Form 2193s prepared and submitted according to NAVCOMPT Manual, para. 035416 and NAVSO P-3006, 601-11?

* Is funded reimbursable obligational authority involving Project/Economy Act Orders on NAVCOMPT Form 2275s accounted for, at fiscal year end, according to NAVSO P-3006, para. 310?

f. Morale, Welfare, and Recreation

* Are sufficient resources allocated to support Morale, Welfare, and Recreation (MWR) programs mandated by higher authority (i.e., the Navy's physical fitness program)?

* List all sources of MWR revenues (i.e., NAVRESSO, NMPC, recycling programs).

* What are the current appropriated funding limitations with respect to support of MWR activities?

* Are MWR reimbursements from appropriated funds consistent with the nonappropriated funds (NAF) costs (i.e., are NAF costs exaggerated to increase MWR funding with appropriated funds)?

* What type of accounting system is used to track and monitor appropriated funds used for MWR programs?

* Does the comptroller department receive courtesy copies of balance sheets, income and expense sheets or other pertinent NAF reports?

* When was the last review co ducted of the MWR accounting system including purchasing, payroll and cash handling procedures?

* Are separate cash drawers provided for cash collection agents?

C. ACCOUNTING DIVISION

1. Resource Management System

Information for the following section is taken from (NAVCOMPT Manual, Volume 3, Chapters 2, 6, 7, 9; NAVSO P-3006, Chapters 2, 4, 5, 6; PCC Textbook, Module D).

a. Activity and AAA/FIPC Relationship

* Who is your AAA/FIPC?

* Who are your points of contact at the AAA/FIPC?

* When did the activity comptroller last visit the AAA/FIPC?

* Are the AAA/FIPC instructions current?

* Do the AAA/FIPC instructions include the following guidance as a minimum: (NAVSO P-3006, para. 600)

  - Identifies the Operation and Maintenance (O&M) Appropriation related reports prepared by the AAA/FIPC, the frequency of preparation and the management levels to which distributed?

  - Advises activities if variations (tailored versions) of the O&M reports can be provided if necessary or desired?

  - Provides frequency schedules (daily, weekly, or monthly) as appropriate for transmitting financial data to the AAA/FIPC?

  - Apprises all activities of current cutoff dates for receipt of financial transaction data?

  - Describes how to read the AAA/FIPC generated reports (e.g., identify columnar/line data)?

  - Provides procedures for reconciling reports with activity's records?

  - Suggests ways for the activity to make management application of the reported data?

  - Advises activities of procedures for correcting erroneous records and reports?

* Does the AAA/FIPC offer training? When did representatives from the comptroller department last attend?

* Does the AAA/FIPC conduct customer service conferences? When is the next one scheduled?

* Is the activity on the AAA/FIPC newsletter mailing list?

* Are there any computer related problems between the activity and the AAA/FIPC? Is there excessive downtime? Are there limited hours of operation at the AAA/FIPC? Is terminal response time acceptable?

* Is the AAA/FIPC providing the level of service necessary for the activity's comptroller department to perform properly? If not, has action been taken to improve it?

b. Accounting Reports/Records/Files

* Identify which of the following Resource Management System (RMS) reports are generated by the AAA/FIPC for your activity:

  - Operating Budget/Expense Report (NAVCOMPT Form 2168).

  - Performance Statement (NAVCOMPT Form 2169).

  - Trial Balance Report (NAVCOMPT Form 2199), the official report of obligations.

  - Activity/Subactivity Group/Functional Category/ Expense Element Report (NAVCOMPT Form 2171), reports expenses and obligations by expense element.

  - Uniform Management Report (UMR) Format C, shows expenses and obligations by cost account.

  - Status of Fund Authorization Report (NAVCOMPT Form 2025.

* What additiona reports are used by your activity? Possible reports are:

  - Reconciliation Report (Expenditures/Collections), (NAVCOMPT Form 2036), (NAVCOMPT Manual, para. 039507).

  - Report on Reimbursable Orders (NAVCOMPT Form 2193), (NAVSO P-3006, para. 601).

- Civilian Personnel Resources Reporting System (CPRRS) Report (NAVCOMPT Form 2270), (NAVCOMPT INST. 7420.27).

- Housing Cost Report (NAVCOMPT 7320.14), (NAVCOMPT Manual, para. 037404 and NAVSO P-3006, para. 604).

- Flying Hour Cost Report, (NAVSO P-3006, para. 604 and OPNAV INST. 7310.1).

- Monthly Report of Travel Advances and Pay Advances Outstanding (NAVCOMPT Manual, para. 032106 and NAVSO P-3006, para. 601).

- Aging of Accounts Receivable - Public Report (NAVSO P-3006, para. 601).

- Job Order Cost Summary (NAVCOMPT Form 2167 or Local), (NAVSO P-3006, para. 502).

- Utilities Cost Analysis Report (NAVCOMPT 2127), (NAVCOMPT Manual, para. 037324 and NAVSO P-3006, para. 604-3).

- Transportation Cost Analysis Report (NAVCOMPT 7300-4), (NAVCOMPT Manual, para. 037163 and NAVSO P-3006, para. 604-2).

- Real Property Maintenance Analysis Report, (OPNAV INST. 11010.23E).

- Document Control File (Local).

- Reimbursable Work Order File (Local).

- Transaction Listing by Type Code (Local).

- Job Order Reference File (Local).

* What other management reports are desired? Examples are:

- A report of costs by job order, showing elements of cost and units produced.

- A report of costs by cost center and job order within cost center (this report can be accumulated by summarizing the individual job order cost summaries).

- A report of costs by functional/subfunctional category code and expense element within functional/subfunctional code category code.

- A report on obligational authority available to each cost center or OPTAR holder.

- A list of outstanding obligations in document number sequence.

* Are locally generated activity reports characteristic of the following:

  - Satisfy a specific need?

  - Suited to individuals who will use them?

  - Timely, self-explanatory and objective?

  - Promote management by exception?

  - Susceptible to analysis?

  - Inexpensive?

  - Include provisions for follow-up reports?

  - Checked for accuracy?

* To what degree, do any of the following factors affect accounting report accuracy at your activity:

  - Failure to load job order numbers correctly at the AAA/FIPC?

  - Miscoded documents?

  - Transportation/keypunch errors?

  - Time lag in reconciliation process between activity and AAA/FIPC?

  - Double charges/billings?

  - Failure to obligate?

  - Failure to load Resource Authorizations (NAVCOMPT Form 2168-1s)?

  - Computer backlogs/down time?

* Which of the following records prepared by the AAA/FIPC are used by the activity? (NAVSO P-3006, paras. 500, 502-504)

NAVCOMPT Forms

General Ledger (NAVCOMPT Form 733)
Reimbursable Work Order Record (NAVCOMPT Form 2164)
Cash Disbursements Journal (NAVCOMPT Form 2165)
Reimbursable Orders Received Journal (NAVCOMPT Form 2166)
Job Order Cost Summary (NAVCOMPT Form 2167)

Worksheets

Fixed-Price Variance Worksheet
Allocated Reimbursable Job Worksheet
Prior Fiscal Year Resource Applied Worksheet
Miscellaneous Expense Accrual Worksheet

Distributions

Civilian Labor Distribution by Job Order
Civilian Labor Distribution by Reimbursable Work Order
Military Personnel Services Distribution by Job Order
Material Distribution by Job Order
Material Distribution by Reimbursable Work Order

* Does the AAA/FIPC maintain the following files for the activity? (NAVSO P-3006, para. 501)

- Undelivered Orders/Outstanding Obligations File (3230 series of uniform general ledger accounts (GLAs))

- Accounts Payable Outstanding File (2000 and 2100 series of GLAs)

- Travel Advances Outstanding File (GLA 1512)

- Funds Disbursed File (GLA 1060)

- Consignment Outstanding File (Statistical Account 0915)

- Accounts Receivable (Billed) Outstanding File (1100 and 1210 series of GLAs)

- Collected Reimbursable Order File (1040 series of GLAs)

- Completed Funded Reimbursable Order File.

c. Accounting Procedures

* How accurate are the records, files and reports maintained and prepared by the AAA/FIPC?

* Are activity memorandum records in sufficient detail to validate official accounting reports rendered by the AAA/FIPC or to update accounting reports in the event that ADP failure or some other circumstance prevents timely reporting by the AAA/FIPC?

* Is there any backlog of input documents, error listings or expenditure listings?

* What are the activity's procedures to balance the General Ledger (NAVCOMPT Form 733)?

* Does the activity use the NAVCOMPT Form 2171 to determine the breakdown of expenses into expense elements for display in annual budget submissions?

* Review the following significant Uniform General Ledger Accounts (GLAs) on the current year Trial Balance Report (NAVCOMPT Form 2199), (NAVSO P-3006):

Account #	Account Title	Correct Balance	Explanation
1031	Allotments/ Operating Budgets Authorized	Debit	The net amount of NOA received on NAVCOMPT 2168-1s and amendments.
1100	Accounts Receivable - U.S. Government Agencies	Debit	Cumulative accounts recevable for funded work or services billed or unbilled U.S. Government agencies.
1200	Accounts Receivable Public	Debit	Acounts receivable due from other than U.S. Government agencies for funded reimbursable work or services billed and unbilled.

Account #	Account Title	Correct Balance	Explanation
1512	Travel Advances	Debit	Travel advances and advance of pay out-standing.
1930	Undistributed Expenses/Costs	Debit	Expenses which have not been identified to a correct job order during the fiscal year.
1960	Unmatched Funds Disbursed	Debit	Unmatched expenditures (disbursements) not matched to an accounts payable or undelivered order document (obligation).
2000	Accounts Payable - U.S. Government Agencies	Credit	Government's share of fringe benefits and material and work or services received from other U.S. Government agencies.
2100	Accounts Payable - Public	Credit	Amount due to other than U.S. Government agencies.
3211	Uncommitted/ Unobligated Authorization - Direct Program	Credit	NOA remaining available for the current fiscal year. Your activity is overobli-gated (in the RED) if this account has a debit balance.

Account #	Account Title	Correct Balance	Explanation
3212	Uncommitted/ Unobligated Authorization - Reimbursable Program	Credit	Reimbursable obligational authority remaining available for the current fiscal year.
3280	Direct Unobligated Balance Available in Expired Accounts	Credit	Unused reimbursable unobligated authority, not returned to the major claimant/ subclaimant at fiscal year end, and subsequently available for authorized adjustments.
2011	Fringe Benefits Payable	Debit - Credit	If a debit balance, acceleration is not enough. If credit, acceleration is adequate.
3230	Undelivered Orders/ Outstanding Obligations - Direct Program	Credit	Outstanding obligations under the direct program including maintenance of real property.
3232	Undelivered Orders/ Outstanding Obligations - Reimbursable Program	Credit	Outstanding obligations incurred for funded reimbursable work or service.

Account #	Account Title	Correct Balance	Explanation
1810	Reimbursable Orders Received - Automatic	Debit	Funded reimbursable orders received and accepted.
0915	Consignments	Debit	Outstanding requests for Contractual Procurement (NAVCOMPT Form 2276), funded Reimbursable Orders issued prior to acceptance, requisitions requiring purchase action and other transactions qualifying as commitments.
0998	Gross Adjusted Obligations (GAOs)- Obligational Authority (Direct)	Debit	Represents GAOs against the direct program. The first eleven (11) months of the appropriation represents balance in GLA 1031 less balance in GLA 3211. The 12th through 36th months represent balance of GLA 1031 less the balance in GLA 3280.

Account #	Account Title	Correct Balance	Explanation
0999	GAOs - Automatic - Reimbursable Program	Debit	Represents GAOs against the reimbursable program. The first eleven (11) months of the appropriation amount reported represent balances in GLA 1800 series (Reimbursables) less the balance in GLA 3212. The 12th through the 36th months represent the balance in the GLA 1800 series.

* Review current copies of prior year Trial Balance Reports (NAVCOMPT Forms 2199s). Inspect the following GLAs for accuracy and any trends:

Account Number	Normal Situation
1031	Balance agrees with Resource Authorizations (NAVCOMPT Form 2168-1s).
1512	Reasonable decrease in balance since end of current year.
1960	Review what actions have been initiated to reduce this balance.
3230	Reasonable decrease since end of current year.
3232	Reasonable decrease since end of current year.

* Is there a monthly reconciliation to determine if the value of documents held in the undelivered orders/ outstanding obligation file agree with the amount of GLAs 3231-3239 for the direct program? (NAVSO P-3006, para. 501-2)

* Does the activity clear all expenditure documents recorded in GLA 1960 (Unmatched Funds Disbursed) within 60 days after receipt of expenditure or, for amounts remaining after 60 days, support them with documentary evidence of corrective action taken? (NAVSO P-3006, para. 405-14b)

* Does the activity periodically validate outstanding obligations, (e.g., work requests, project orders, requests for contractual procurements, supply requisitions) recorded in GLA 3230 (Undelivered Orders/Outstanding Obligations--Direct Program)? (NAVCOMPT Manual, para. 039101-4b and NAVSO P-3006, para. 601-15)

* How often are reviews of outstanding obligations required by higher authority? Is a review conducted prior to 30 September?

* Are there any outstanding obligations in the fiscal year scheduled to lapse? What is the dollar value of these obligations?

* Are working papers and supporting data retained to document validations?

* Are invalid obligations cleared promptly?

* What is the outstanding obligation validity goal for your activity? What is the minimum standard?

* Does the activity maintain a list of consignment documents and amounts? Is it complete? (NAVSO P-3006, para. 501)

* When does the AAA/FIPC forward a listing of outstanding consignments to the activity for review and validation of all documents? (NAVSO P-3006, para. 501-6)

* Is the consignment listing returned to the AAA/FIPC within 30 days of receipt as required by NAVSO P-3006, para. 501-6?

* What local procedures exist to ensure undelivered orders and consignments are not cancelled through the

accounting records prior to confirmation of cancellation action by the supply department?

* Are controls established to ensure all commitments, obligations, receipts and disbursements are recorded?

* What is the status of the activity's unmatched/ undistributed expenditures?

* Does the AAA/FIPC process incoming bills promptly?

* Are suspended/unprocessed bills visible to your activity? Are they processed timely?

* When does the AAA/FIPC forward a listing of aged (over 30, 60, and 90 days) outstanding accounts payable to the activity for review, validation and follow-up action? (NAVSO P-3006, para. 501-3)

* Does the activity notify the AAA/FIPC of necessary adjustments to the Accounts Payable Outstanding File and return the listing within 30 days from receipt? (NAVSO P-3006, para. 501-3)

* Do the activity and AAA/FIPC coordinate necessary action to accomplish timely liquidation of outstanding accounts payable over 90 days? (NAVSO P-3006, para. 501-3)

* Review the current NAVCOMPT Year End Closing Notice 7300. What are the closing dates, additional reporting requirements and deadlines for this year's fiscal year end reports?

* Does the activity follow the fiscal year end closing procedures outlined in NAVSO P-3006, para. 408?

* What procedures does the activity follow in accounting for successor "M" appropriations? According to NAVSO P-3006, para. 405-35, the shore activity and the AAA/FIPC will:

  - Prior to lapsing of the Operation and Maintenance (O&M) Appropriation, bill all completed funded reimbursable orders according to NAVCOMPT Manual, para. 032501-1b(1).

  - Discontinue formal accounting for lapsed appropriations.

  - Annually, until modified by the implementation of the Integrated Disbursing and Accounting (IDA) system, the activity will, prior to 30 September of each fiscal

year review lapsed appropriations for outstanding undelivered orders based on knowledge of goals and work or services that still remain undelivered; and accounts receivables based on knowledge of funded reimbursable goods and work or services that have been completed and unbilled.

d. Cost Accounting

* Review the AAA/FIPC's job order instructions. Does it address job order structure, coding, data submission schedules and other factors which require standardization for mechanized systems and effective operations? (NAVSO P-3006, para. 402)

* Is the activity's job order structure capable of producing (NAVSO P-3006, para. 402):

  - Accrued expenses at the subactivity group code, functional category code, subfunctional category code, cost account code and the expense element levels?

  - Other required expense reports (e.g., public works transportation, utilities, flying hours cost)?

  - Accounting details at any level desired by local management?

* How many job order numbers (JONs) does the activity use? Is this the correct amount?

* Are JONs readily accessible to users?

* When are JONs due to the AAA/FIPC for computer loading?

* Has the job order listing from the AAA/FIPC been reviewed to ensure the JONs are properly loaded?

* Are activity job orders reviewed periodically by the comptroller department for reporting errors? What are the ten most numerous mistakes?

* Are job order listings distributed to everyone who needs them?

* What problems have been encountered that prohibit the timely submission of cost reports?

e. Plant Property Accounting

* Is there an activity Plant/Minor Property instruction? A AAA/FIPC instruction? Are they in need of revision?

* Does the activity instruction governing plant/minor property include provisions for reporting idle property, the prompt receipt, transfer and disposal of plant account items, and other pertinent requirements of the NAVCOMPT Manual, Volume 3, Chapter 6?

* Is there a current list of departmental plant property custodians (PPCs)?

* Does the comptroller department periodically sponsor plant property training to instruct and remind PPCs of their duties and responsibilities? When was the training last held?

* Are lease vs. purchase analyses conducted to determine the most economical method for obtaining equipment?

* Does the activity maintain DOD Property Records (DD Form 1342s) for all equipment and units of property which comprise the four plant property classes?

  Class 1--Land
  Class 2--Buildings, Structures, and Utilities
  Class 3--Equipment--Other than Industrial Plant Equipment (IPE)
  Class 4--IPE

* Are the DD-1342s prepared according to NAVCOMPT Manual, para. 036205?

* Does the comptroller department account for Classes 1 and 2 plant property according to the procedures listed in NAVCOMPT Manual, paras. 036109 and 036110?

* Due to the nature of data required and work involved, does the public works department perform the continuing review (inventory) of Classes 1 and 2 plant property? (NAVCOMPT Manual, para. 036110)

* Is the Navy Facilities Assets Data Base (NFADB) transaction ledger furnished by the Naval Construction Battalion Center, Port Hueneme reconciled quarterly with the Reconciliation of Plant Account (NAVCOMPT Form 167) for Classes 1 and 2 plant property? (NAVCOMPT Manual, paras. 036515 and 036520)

* Are all new acquisitions of equipment with unit costs of $5,000 or more (i.e., Classes 3 and 4 plant property) recorded on DD-1342s?

* Are activity custody/sub-custody cards current?

* Review the results of the last physical inventory of Classes 3 and 4 plant property. Were there any significant unaccounted gains or losses?

* Are physical inventories conducted at least once every three years? (NAVCOMPT Manual, para. 036208)

* Does the activity have written physical inventory procedures to aid in the inventory process? (NAVCOMPT Manual, para. 036208)

* Is an inventory plan developed to ensure no areas are overlooked?

* Are plant property serial numbers and tags in place?

* Are plant property items bar coded to expedite the inventory process? Should they be?

* Are physical inventories of Classes 3 and 4 plant property reconciled with AAA/FIPC records? (NAVCOMPT Manual, para. 036208)

* When was the last physical inventory and reconciliation conducted? When is the next one due?

* Is there any excess idle plant property to be transferred or disposed of?

* What levels of disposal exist for the activity (e.g., departmental, activity wide or the local Defense Reutilization and Marketing Office (DRMO))?

* Does the Defense Industrial Plant Equipment Center (DIPEC) in Memphis, TN approve all procurements, transfers and disposition of Class 4 plant property? (NAVCOMPT Manual, para. 036400)

* Does the activity receive and review DIPEC catalogs of excess industrial plant equipment (IPE) to satisfy Class 4 plant property requirements?

* What is the status of outstanding IPE requested from DIPEC?

* Are physical inventory reconciliations of Class 4 plant property required between the activity and DIPEC or are they conducted directly with the AAA/FIPC?

* Are physical inventory reconciliations of Cog 20 (training equipment) conducted annually?

* Do internal controls for Minor Property meet the requirements of NAVCOMPT Manual, para. 036702? Adequate controls include, but are not limited to:

  - Serial number identification.

  - Periodic physical inventory.

  - Minor property records.

  - Management reports.

  - Physical security.

  - Maintenance.

  - Custody control assignments.

f. Travel Accounting

* Review the activity's local travel instructions and controls. Is travel funding centrally managed or is it controlled by individual departments?

* What is the activity's travel funding approval review process? Does a flag officer, or the commanding officer of activities not commanded by a flag officer, approve all TAD travel according to OPNAVINST 5050.31A?

* What is the activity's travel ceiling? Check the remarks section of the activity's Resource Authorizations (NAVCOMPT-2168-1s).

* Do adequate procedures exist to ensure timely liquidation of travel claims, especially those involving travel advances? (NAVCOMPT Manual, para. 032106 and NAVSO P-3006, paras. 405-413)

* Are travel advances restricted to amounts not in excess of anticipated reimbursable allowances and expenses?

* Does the activity use the Monthly Report of Travel Advances and Pay Advances Outstanding prepared by the AAA/FIPC to control and expedite liquidations of outstanding travel advances which were scheduled to be completed 90 days or more prior to the month reported? (NAVSO P-3006, paras. 405-131 and 601-10)

* Review a listing of the outstanding travel claims involving travel advances. What is the average age of the claims?

* What is the balance of General Ledger Account 1512? This figure represents the outstanding travel advances not yet paid back. Is the balance too large?

* How are travel funds economized (e.g., rental car sharing, use of BOQs, group orders, etc.)?

* Does the activity have a travel claim submission goal imposed by higher authority? For example, a percentage of all travel claims that must be filed within 30 days following the expected completion date of the required travel?

* Does the activity use the Diner's Club card program?

3. Navy Stock Fund Section

Information for the following section is taken from (NAVCOMPT Manual, Volume 8, Chapter 5).

* Is the comptroller department responsible for Navy Stock Fund accounting at the activity?

* Review the Financial Inventory Report (FIR), (NAVCOMPT Form 2154). (NAVCOMPT Manual, para. 085401)

* Has submission of the FIR and the FIR Summary (NAVSUP Form 1236) been timely, that is, by the 9th of month, as required by NAVCOMPT Manual, para. 085401)? Who submits the reports, FAADC, AAA/FIPC or the activity?

* Does the total of the Labor Roll or Material Charges and Credits (NAVCOMPT Form 2051) balance with the applicable FIR codes on the NAVCOMPT Form 2154? (NAVCOMPT Manual, para. 086205)

* Are prescribed follow-up actions taken on unmatched summarized invoices according to NAVCOMPT Manual, para. 085142?

* Have requests for "authority to adjust" been initiated for unmatched summarized invoices for which all efforts to obtain correcting summary invoices have been unsuccessful? (NAVCOMPT Manual, para. 085142)

* Are unmatched receipt invoices adjusted when six months old, as aged from the date posted to the stock records? Does a review of file 4 indicate any unmatched receipt invoice over six months old? (NAVCOMPT Manual, para. 085142)

* Is the Status of Fund Authorization--Stock Fund (NAVCOMPT Form 2129) submitted by the 13th of the following month? (NAVCOMPT Manual, para. 083406)

4. Payroll Section

Information for the following section is taken from (NAVCOMPT Manual, Volume 3, Chapter 3; PCC Textbook, Module E).

a. Civilian Labor Issues/Managing to Payroll

* Does the activity conduct Labor Distribution/Managing to Payroll (MTP) training for department heads?

* Review the following Civilian Personnel costs for your activity.

Direct	Fringe
Straight Salary	Health Insurance
Overtime	Life Insurance
Differentials	Retirement Plans
Hazardous/Special Pay	
Dislocation Allowance	Other
Overseas Allowances	
Bonuses/Awards	Legal Costs
	Relocation Costs
	Reduction-in-Force Costs
	Leave Without Pay Fringe

* In times of tight funding (e.g., pending reduction-in-force (RIF)) has the activity employed any of the following methods to reduce civilian personnel related costs:

- Attrition?

- Delayed replacement?

- Temporary hires?

- Reorganization?

- Detailing?

- Contracting?

- Retirement?

- Leave Without Pay (LWOP)?

* Are there any RIF cases pending at the activity?

* Is there a hiring freeze pending or currently in effect?

* Is the correct labor acceleration rate being charged to reimbursable customers to pay for leave and fringe benefits?

* Is the labor acceleration rate monitored periodically and adjusted as required?

* What is the activity's fringe rate?

* Are there any pending changes to fringe benefits?

* Are there any civilian pay raises pending? How much is the raise and when is it due?

* For overseas activities, what is the local policy for foreign national retroactive pay issues? Are there any pending changes in foreign national pay/allowance policy issues?

Managing to Payroll

* What is the status of Managing to Payroll (MTP) implementation at the activity? Is the activity constrained by ceiling points?

* Review the MTP execution monitoring procedures. What controls are in place to ensure MTP authority is not exceeded?

* At what level in the activity is MTP responsibility assigned?

* Is this level fully responsible for position management and classification? Where and how does the Civilian Personnel Office fit into MTP?

* Prior to execution, how are civilian personnel actions reviewed to ensure they are affordable within current fiscal year MTP funding authority? For succeeding fiscal years?

* Are the following MTP reports checked for differences and compliance?

- AAA/FIPC civilian personnel reports

- Budget input (budgeted vs. actual)

- Departmental reports (cost center level--planned vs. expected)

* Does the activity monitor MTP budget execution according to the approved plan?

* Are shortages and excesses of MTP authority identified and reported to higher authority in a timely manner?

* Does the comptroller department receive courtesy copies or "chop" on SF-52's?

* Does the payroll section maintain local pay files for employees?

c. Payroll Accounting

* Does the activity have local instructions for:

- Time and attendance?

- Overtime?

- Labor/Job Cost Distribution?

- Payroll System Security?

* Is a local review of timekeeping practices conducted annually according to NAVCOMPT Manual, para. 033000-6? The review must ensure:

- Separation of duties for personnel performing timekeeping, certification of timecards and distribution of payroll checks.

- Overtime and compensatory time are approved in writing.

- Overtime expenditures do not exceed the plan.

- Time and attendance procedures are followed.

- Personnel authorized to certify timecards are designated in writing and recertification is done annually in June.

- Personnel authorized to distribute payroll checks are designated in writing and recertification is done annually in June.

* Who prepares the activity's payroll checks, the activity's AAA/FIPC?

* Have contingency plans been developed if the regular paying activity (AAA/FIPC) can not pay on time?

* When are payrolls/labor cards due and to whom?

* Is the payroll section applying adequate internal controls over the payroll process? Are they in compliance with the Federal Personnel and NAVCOMPT Manuals?

* Are controls in place to prevent fraudulent pay actions?

* Does the activity reconcile and correct payroll/labor distribution differences in a timely manner?

* Do supervisors examine and certify by signature that only correct time periods and job orders are entered on the time/labor distribution cards?

* Does the AAA/FIPC prepare a Labor Exception Report for payroll accounts with errors or questionable payroll transactions?

* Does the AAA/FIPC prepare Monthly Reports of Civilian Employment by Appropriation (NAVCOMPT Form 2270s) for the activity which provide useful overviews of total payroll costs by month?

* How is overtime managed? Are adequate controls in place?

* What procedures are used for approval and monitoring of overtime?

* Is Direct Deposit of payroll checks available? Is it mandatory? Is the activity meeting the major/subclaimant's goal for Direct Deposit?

IV. CONCLUSIONS AND RECOMMENDATIONS

The initial intent of this thesis was to develop a management guide, in the form of relieving procedures, for use by field activity comptrollers reporting to new commands. As the study progressed it was obvious to the researcher that due to the length and detail of the management guide it would be impractical for comptrollers to complete the guide during the course of the normal relieving process (typically one to two weeks). However, completion of the management guide by newly reporting comptrollers during the first several months of their tours' does provide a diagnostic review of the current organization and can be useful in establishing future goals and objectives for the department.

Financial management in the Navy is a dynamic field characterized by ever changing rules, regulations, and procedures. In view of this fact the researcher recommends that the Management Guide for Field Activity Comptrollers be reviewed and updated on an annual basis.

APPENDIX

GLOSSARY

ACCELERATED LABOR RATE--Labor expense recorded in such a manner that as an employee works one straight time hour, the expense will equal the employee's actual wage plus an "acceleration" percentage to cover the cost of anticipated leave and fringe benefits.

ACCOUNTING CLASSIFICATION--A code used to provide a uniform system of accumulating and reporting information related to public voucher disbursements/refunds.

ACCOUNTS PAYABLE--Amounts due the public or other U.S. Government agencies for material and service received, wages earned, and fringe benefits unpaid. May include amounts billed or billable under contracts for progress payments, earnings of contractors held back, or amounts due upon actual deliveries of goods and services.

ACCOUNTS RECEIVABLE--Amounts due from debtors on open accounts. Under appropriated funds, amounts due from debtors for reimbursements earned or for appropriation refunds due.

ACCRUAL ACCOUNTING--Accrual accounting recognizes, in the books and records of account, the significant and accountable aspects of financial transactions or events as they occur. Under this basis the accounting system provides a current systematic record of changes in assets, liabilities and sources of funds resulting from the incurrence of obligations and costs and expenses, the earning of revenues, the receipts and disbursement of cash, and other financial transactions.

ACTIVITY/SUBACTIVITY GROUP (AG/SAG)--Basic purpose for which an activity proposes to spend money (i.e., Station Operations, F3).

ADMINISTERING OFFICE--The office, bureau, systems command, or Headquarters, U.S. Marine Corps assigned responsibility for budgeting, accounting, reporting, and controlling obligations and assigned expenditures for programs financed under appropriation(s) or subdivisions of an appropriation. The responsibility is assigned by the "Responsible Office."

ADMINISTRATIVE LIMITATION--A limitation imposed within an administrative agency upon the use of an appropriation or other fund having the same effect as a fund subdivision in the control of obligations and expenditures.

AGENCY--Any department, office, commission, authority, administration, board, Government-owned corporation, or other independent establishment of any branch of the Government of the United States.

ALLOCATION--An authorization by a designated official of a component of the Department of Defense making funds available within a prescribed amount to an operating agency for the purpose of making allotments (i.e., the first subdivision of an apportionment).

ALLOTMENT--The authority, expressed in terms of a specific amount of funds, granted by competent authority to commit, obligate and expend funds for a particular purpose. Obligation and expenditure of the funds may not exceed the amount specified in the allotment, and the purpose for which the authorization is made must be adhered to. Allotments are granted for all appropriations except the operating accounts, such as O&M,N and RDT&E,N which use operating budgets. All allotments must be accounted for until the appropriation lapses or until all obligations are liquidated, whichever occurs first, and are reported on NAVCOMPT Form 2025 (Status of Allotment Report).

ANNUAL/ONE YEAR APPROPRIATION--An appropriation available for incurring obligations only during the fiscal year specified in the Appropriation Act.

ANTI-DEFICIENCY ACT, 31 UNITED STATES CODE 1341, 49-50; 1512-14, 17-19 (formerly part of Section 3679, Revised Statutes)--The salient features of this Act include:

(1) prohibitions against authorizing or incurring obligations or expenditures in excess of amounts apportioned by the Office of Management and Budget or in excess of amounts permitted by agency regulations;

(2) establishment of procedures for determining the responsibility for violations and for reporting violations to the President, through the Office of Management and Budget, and to the Congress;

(3) provisions for penalties that may include removal from office, a $5,000 fine, or imprisonment for two years; and

(4) requirements for the apportionment of appropriations, funds or contract authority.

APPEAL--Alternative term for reclama; usually used in communications with congressional committees.

APPORTIONMENT--A determination made by the Office of Management and Budget which limits the amount of obligations or expenditures which may be incurred during a specified time period. An apportionment may limit all obligations to be incurred during the specified period or it may limit obligations to be incurred for a specific activity, function, project, object, or a combination thereof.

APPROPRIATION--A part of an appropriation act providing a specific amount of funds to be used for designated purposes. Appropriations are divided into budget activities and further divided into subactivities, programs, projects and elements of expense.

APPROPRIATION ACT--An act under the jurisdiction of an appropriations committee which provides funds for federal programs. There are 13 regular appropriation acts. Congress also passes supplemental appropriation acts when required.

APPROPRIATION LIMITATION--A statutory limitation within an appropriation which cannot be exceeded by incurring obligations or expenditures.

APPROVED PROGRAMS--Resources or data reflected in the latest Five Year Defense Program (FYDP).

ASSETS--Anything owned having monetary value. Property, both real and personal, including notes, accounts, and accrued earnings or revenues receivable; and cash or its equivalent.

AUDIT--The systematic examination of records and documents to determine: (1) adequacy and effectiveness of budgeting, accounting, financial and related policies and procedures; (2) compliance with applicable statutes, regulations, policies and prescribed procedures; (3) reliability, accuracy and completeness of financial and administrative records and reports; and (4) the extent to which funds and other resources are properly protected and effectively used.

AUTHORIZATION--Basic substantive legislation enacted by Congress that sets up or continues the legal operation of a federal program or agency. Such legislation is normally a prerequisite for subsequent appropriations, but does not usually provide budget authority.

AUTHORIZATION ACCOUNTING ACTIVITY--An activity designated by the Comptroller of the Navy to perform accounting for another shore activity.

BALANCED BUDGET--A budget in which receipts are equal to or greater than outlays.

BASE YEAR--Fiscal year basis of cost estimates.

BUDGET--A plan of operations for a fiscal period in terms of (1) estimated costs, obligations and expenditures; (2) source of funds for financing including anticipated reimbursements and other resources; and (3) history and workload data for the projected programs and activities.

BUDGET AMENDMENT--A proposal submitted to the Congress by the President after his formal budget transmittal, but prior to completion of appropriation action by the Congress, that revises his previous budget request.

BUDGET AUTHORITY--Authority provided by law to enter into obligations which generally result in immediate or future outlays of Government funds. The basic forms of budget authority are: appropriations, contract authority and borrowing authority.

BUDGET CALL--Budget planning guidance provided from higher authority, down the chain of command.

BUDGET DEFICIT--The amount by which the Government's budget outlays exceed its budget receipts for any given period. Deficits are financed primarily by borrowing from the public.

BUDGET EXECUTION--The accomplishment of the plan prepared during budget formulation. It is the process established to achieve the most effective, efficient and economical use of financial resources in carrying out the program for which the funds were approved.

BUDGET FORMULATION--A process which incorporates those actions performed in the development, review, justification and presentation of budget estimates.

BUDGET PROJECTS--Commodity groups for navy stock fund material.

BUDGET REQUEST--The actual budget that is submitted up the chain of command.

BUDGET SURPLUS (+) OR DEFICIT (-)--The difference between budget receipts and outlays.

BUDGET YEAR--The year following the current fiscal year for which the budget estimate is prepared. For example, if the current fiscal year is Fiscal Year 1989, the budget year would be Fiscal Year 1990.

CEILING--A maximum amount of an appropriation imposed by Congress which is designated for a specific purpose, (i.e., travel funding).

CIVIL SERVICE--The term commonly used to describe service performed for the federal government by employed civilians who have competitively attained their positions and who may gain tenure by continuing satisfactory performance.

CIVILIAN PERSONNEL CEILING--Maximum number of civilians which may be employed full-time as determined by appropriate authority. The full-time equivalent of part-time employment, expressed in man-months, is included in the ceiling.

CLOSED APPROPRIATION ACCOUNT--An appropriation account, the balance of which has been transferred to the Successor "M" Account or to surplus. The appropriation recorded in the account is lapsed.

COMMITMENT--A firm administrative reservation of funds based upon firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests which authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. The act of entering into a commitment is usually the first step in the process of spending available funds. The effect of entering into a commitment and the recording of that commitment on the records of the allotment is to reserve funds for future obligations. A commitment is subject to cancellation by the approving authority if it is not already obligated. Commitments are not required under O&M appropriations.

COMMON SERVICE--Nonreimbursable service that has been directed or agreed upon between or among DOD components at the department level.

COMMON USE FACILITY--A building or structure in which space is used concurrently by both supplier and receiver.

CONCURRENT RESOLUTION ON THE BUDGET--A resolution passed by both Houses of Congress but not requiring the signature of the President, setting forth, reaffirming or revising

specified congressional budget totals for the federal government for a fiscal year.

CONGRESSIONAL BUDGET--The budget as set forth by Congress in a concurrent resolution on the budget. These resolutions include:

(1) the appropriate level of total budget outlays and total new budget authority;

(2) an estimate of budget outlays and new budget authority for each major functional category; for contingencies, and for other categories;

(3) the amount of the surplus or deficit in the budget (if any);

(4) the recommended level of federal revenues; and

(5) the appropriate level of the public debt.

CONSIGNMENTS (PREVIOUSLY UNFILLED REQUISITIONS)--The Request for Contractual Procurement (NAVCOMPT Form 2276) which does not obligate the requestor's funds until the copy of the procurement document is received.

CONSOLIDATED GUIDANCE--Annual guidance issued by the Secretary of Defense which provides policy guidance, specific programming guidance and fiscal constraints that must be observed by the military departments, defense agencies, and the Joint Chiefs of Staff in the formulation of force structures and five year defense programs, and by the Secretary of Defense staff in reviewing proposed programs.

CONTINUING OR NO-YEAR APPROPRIATION--An appropriation which is available for incurring obligations for an indefinite period of time. Revolving funds are included in this classification.

CONTINUING RESOLUTION--Congressional action to provide budget authority for specific ongoing activities when the regular fiscal year Appropriation Act has not been enacted by the beginning of the fiscal year. The continuing resolution usually specifies a maximum rate at which the agency may incur obligations and is sometimes based on the rate of spending of the prior year.

CONTROL NUMBERS--Planning limits provided by a major claimant or a local comptroller to a subordinate activity or department, providing an estimate of the next year's resources.

COST ACCOUNT--Accounts established to classify transactions, according to the purpose of the transactions. Cost

account codes are also used to identify uniformly the contents of management reports.

COST ACCOUNT CODES (CAC)--An accounting classification which states specific aspects of functions (i.e., Purchased Electricity [8350]).

COST ACCOUNTING--Provides information as to who has spent resources and for what purpose.

COST-BASED BUDGET--A budget based on the cost of goods and services actually to be received during a given period whether paid for before the end of the period or not. Not to be confused with an expenditure-based budget, which is based on the cost of goods and services received and actually paid for.

COST CENTER--A cost center is a subdivision of a field activity or a responsibility center. An individual cost center is a group of homogenous service functions, processes, machines, product lines, professional and/or technical skills, etc. It is an organizational entity for which identification of costs is desired and which is amenable to cost control through one responsible supervisor.

CROSS SERVICE--Support performed by one activity for which payment is required from the activity receiving the support.

CURRENT YEAR--The fiscal year in progress.

DEFERRAL OF BUDGET AUTHORITY--An action of the President that temporarily withholds, delays or precludes the obligation or expenditure of budget authority. A deferral must be reported by the President to Congress in a deferral message. The deferral can be overturned if either house passes a resolution disapproving it. A deferral may not extend beyond the end of the fiscal year in which the message reporting it is transmitted to Congress.

DEFICIENCY APPROPRIATION--An act passed after a fiscal year has expired, to increase funds available so that the appropriation has a positive balance, and can lapse to the successor, or "M" account.

DEOBLIGATION--A downward adjustment of previously recorded obligations. This may be attributable to cancellation of a project or contract, price revisions or corrections of amounts previously recorded as obligations.

DEPARTMENT OF THE NAVY FIVE-YEAR PROGRAM (DNFYP)--The Navy's official programming document, this publication consists of volumes or booklets and displays the Navy's portion of the Five-Year Defense Program (FYDP). SECDEF approved forces, manpower and financial data are given for each Navy Program Element for the current, budget and program years.

DIRECT COSTS--Direct costs are cost incurred directly for and are readily identifiable to specific work or work assignments.

DIRECT REIMBURSABLE--One of two types of Reimbursable Work Orders (RWOs) which become part of an activity's gross operating budget. This type includes RWOs for nonrecurring products or services which are not part of providing for the activity's mission and for which no regular work units are budgeted. The exact cost of the product service will be charged to the RWO from the receiving activity.

DISBURSEMENTS--In budgetary usage, gross disbursements represent the amount of checks issued, cash or other payment made less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriation or fund account, such as amounts received for goods and services provided.

DOD PLANNING/PROGRAMMING/BUDGETING SYSTEM (PPBS)--An integrated system for the establishment, maintenance and revision of the FYDP and the DOD budget.

ECONOMY ACT ORDER--An order executed for materials, work or services to be furnished by one activity for another under the authority and limitations of the Economy Act (31 U.S. Code 1535).

EXECUTION--The operation of carrying out a program as contained in the approved budget. Often referred to as "Budget Execution."

EXPENDITURE--A charge against available funds. It is evidenced by voucher, claim or other document approved by competent authority. Expenditure represents the actual payment of funds.

EXPENDITURE AVAILABILITY PERIOD--The expenditure availability period begins upon completion of the obligational availability period. It lasts two years during which the accounting records must be maintained and no new obligations may be created.

EXPENSES--Costs of operation and maintenance of activities on the accrual accounting basis. Expenses include but are not limited to the cost of: (1) civilian personnel services; (2) military personnel services; (3) supplies and material consumed or applied; (4) travel and transportation of personnel; (5) rental of facilities and equipment; (6) equipment (having a value of less than $15,000) and (7) services received (purchased utilities, leased communications, printing and reproduction, and other). The cost of minor construction of a value of $200,000 or less is included as an expense.

EXPENSE ELEMENT--An expense element identifies the type of resource being consumed in the functional/subfunctional category or program element. These are listed and defined by NAVCOMPT Manual, Volume 2.

EXPENSE LIMITATION--The financial authority issued by a claimant to an intermediate level of command is an expense limitation. Amounts therein are available for issuance of operating budgets to responsibility centers.

EXPENSE TYPE APPROPRIATIONS--Appropriations that finance the cost of ongoing operations. Within DOD they are normally broken down into two main subcategories: operations and maintenance, and military personnel.

EXPIRED APPROPRIATION--An appropriation which is no longer available for obligation but is still available for disbursement to liquidate existing obligation.

FENCES--Explicit limitations (ceilings and floors) on uses of funds provided in the appropriation act by Congress.

FINANCIAL INFORMATION PROCESSING CENTER (FIPC)--A financial services organization whose mission is to provide authorization accounting and reporting for operating budgets and allotments, commercial bill paying, disbursing, civilian payroll, plant property accounting and financial reporting of cash transactions for customer activities.

FISCAL YEAR (FY)--Accounting period beginning 1 October and ending 30 September of the following year. The fiscal year is designated by the calendar year in which it ends. Fiscal Year 1990 begins on 1 October 1989 and ends 30 September 1990.

FISCAL POLICY--Federal policies on taxes, spending and debt management, intended to promote the nation's goals, particularly with respect to employment, gross national

product, inflation and balance of payments. The budget process is a major vehicle for determining and implementing fiscal policy.

FIVE-YEAR DEFENSE PROGRAM (FYDP)--The FYDP summarizes all approved programs of the entire Department of Defense. Resources or inputs required for five years are combined with military outputs of programs for the same period. The FYDP is expressed in terms of programs, program elements and resource categories.

1. Mission Operations
2. Administration
3. Supply Operations
4. Maintenance of Material
5. Property Disposal
6. Medical Operations
7. Base Services
8. Maintenance of Real Property
9. Utility Operations
10. Other Engineering Support
11. Minor Construction
12. Personal Support

FIXED PRICE (FP)--A dollar amount upon which two government activities agree that a service will cost. Once agreed, the service must be provided by the servicing activity at that price regardless of what it costs the servicing activity to perform the service. The purpose of such pricing is to reduce accounting costs. Such prices should not be based upon "ball park estimates," only upon knowledge of the total job. A form of fixed price is a unit rate per hour, day or month charged for Materials Handling Equipment (MHE) or service. Such unit rates are computed at least semi-annually upon a basis of actual cost. It may be a Reimbursable Work Order (RWO) accepted for a stated amount to be billed upon completion of the RWO. Expenses incurred in excess of, or for less than, the agreed amount will constitute a gain or loss to the performing Expense Operating Budget.

FLOOR--A minimum amount of an appropriation imposed by Congress which is designated for a specific purpose, (i.e., Maintenance of Real Property).

FRINGE BENEFITS (FRINGE)--The cost of the government's share of a civilian employee's: retirement, life insurance, health insurance, social security, and thrift savings plans.

FUNCTIONAL CLASSIFICATION--A system of classifying budget resources by major purpose so that budget authority,

outlays and credit activities can be related in terms of the national needs being addressed (e.g., national defense, health) regardless of the agency administering the program. A function may be divided into two or more subfunctions, depending upon the complexity of the national need addressed by that function.

FUNCTIONAL MANAGER--A person (manager) responsible for a specific area, such as Financial Inventory, Stock Material Sales, Housing and Utility Costs, Flying Hour Costs, Ship Overhaul, Steaming Hour Reports, etc.

FUNCTIONAL/SUBFUNCTIONAL CATEGORY (F/SFC)--Subfunctional categories are a finer grouping within the functional category grouping. They are used to accumulate expenses separately for various functions encompassed by a single functional category. Combined they provide a classification which states what functions will be performed (i.e., Administration [D1]).

FUND AVAILABILITY--The amount of obligational authority in a fund or fund subdivision.

FUND SUBDIVISION--A segment of an appropriation or other fund, created by funding action as an administrative means of controlling obligations and expenditures within an agency.

FUNDED REIMBURSEMENT--A reimbursement in which the performing activity receives a written order.

GENERAL EXPENSES--Costs incurred by general cost centers which are not incurred for, and are not readily identifiable, with specific direct job orders and which are not included in the indirect expense of the direct cost centers.

GENERAL LEDGER--The general ledger is the book of accounts in which all accounting entries are ultimately summarized. It is maintained by an authorization accounting activity for each operating budget/allotment holder. It is designed so that summary reports of all financial transactions can be readily prepared for management.

GROSS ADJUSTED OBLIGATIONS--The sum of all liquidated and unliquidated obligations.

GROSS DISBURSEMENTS--Represents the amount of checks issued, cash or other payments made, less funds received.

HOST ACTIVITY--The activity that provides facilities to another activity and may supply services.

IMPOUNDMENT--Any action or inaction by an officer or employee of the Federal Government that precludes the obligation or expenditure of budget authority provided by the Congress.

IMPREST FUND--Fixed amount of cash used to make minor expenditures for local commercial purposes. Payments from the fund are reimbursed from time to time to maintain a fixed amount in the fund.

INCREMENTAL FUNDING--Providing budget authority for those obligations which are expected to be incurred in a given fiscal year.

INDIRECT EXPENSE--Indirect expenses are costs incurred by direct cost centers which are not incurred directly for and are not readily identifiable with specific job orders established for the accomplishment of assigned work.

INDUSTRIAL FUND--A revolving fund established at industrial type activities where products or services are provided to external users. The purpose of the fund is to provide a more effective means of controlling costs; establish a flexible means for financing, budgeting and accounting; encourage the creation of buyer-seller relationships; place budgeting and accounting on a more commercial basis; and encourage cross-servicing between military departments. Charges to the fund are made for procurement of materials, services and labor. The fund is reimbursed by proceeds from the sale of products and services.

INDUSTRIAL PLANT EQUIPMENT--Equipment with a value of at least $5,000 that cuts, abrades, bends or otherwise reshapes or reforms materials.

INPUT BUDGETING--A budgetary method which focuses on the cost of the objects or inputs.

INTEGRATED DISBURSING AND ACCOUNTING (IDA)--Processing system designed to improve the Navy's current accounting and disbursing systems. The IDA system incorporates the use of integrated data bases for concurrent accounting and expensing transactions.

INTERNAL AUDIT--The independent appraisal activity within an organization for the review of the accounting, financial

and related operations as a basis for protective and constructive services to management.

INTERSERVICE SUPPORT--Support provided by one Federal Agency or subdivision thereof, to another Federal Agency, or subdivision thereof, when at least one of the participating agencies or subdivisions is the Department of Defense or a DOD component.

INTRASERVICE SUPPORT--Action on the part of one activity to provide support to another activity within the same DOD component or other federal agency.

INVESTMENT-TYPE APPROPRIATIONS--Appropriations for investment type items as opposed to ongoing operations. The investment category is essentially split into two areas: procurement and military construction.

INVOICE--This term includes contractor requests for payment, travel claims and other miscellaneous vouchers.

INVOICE CERTIFICATION--Invoice certification (also called receipt certification) is a statement placed on an invoice, or a receiving document related to an invoice, certifying that the goods or services were received.

JOB ORDER--Two definitions are used: (1) a formal instruction to perform certain work according to specifications, estimates, etc.; (2) descriptive of a cost system whereby costs are accumulated by job orders.

JOINT USE FACILITY--A separate building or structure that is occupied jointly, when specific space has been designated for the sole use of each of the occupants.

LABOR DISTRIBUTION--The vehicle which transfers the actual cost of labor to the job order cost accounting system.

LABOR DISTRIBUTION CARD--A card which identifies hours spent day by day for each job order applicable to their effort.

LAPSED APPROPRIATION--An appropriation whose undisbursed balance is no longer available for disbursement as the two year expenditure availability period has ended.

LIABILITIES--Amounts of money owed to others for goods and services received, or for assets acquired. Liabilities include accrued amounts earned but not yet due for payment, and progress payments due to contractors.

LIMITATION--A statutory restriction within an appropriation or other authorization or fund which establishes the maximum amount which may be used for specific purposes.

LIQUIDATED OBLIGATION--An obligation that is matched with an expenditure.

MAJOR CLAIMANT/SUBCLAIMANT--A major claimant is a bureau/office/command/Headquarters, U.S. Marine Corps which is designated as an administering office under the Operation and Maintenance appropriations in NAVCOMPT Manual, Volume 2, Chapter 2. Navy major claimants receive operating budgets directly from the Chief of Naval Operations Fiscal Management Division (OP-82). Subclaimants are bureaus/offices/ commands designated as administering office which receive a subclaimant operating budget from a major claimant.

MARK--Decision by line item indicating a change (usually a decrease) in a budget request.

MEMORANDUM ACCOUNT--An account, usually stated in financial terms, but not always a part of the basic double-entry system of accounts, used for obtaining data required for control, reporting or other purposes.

MIDYEAR REVIEW OF THE BUDGET--A locally conducted review to determine the adequacy of present funding levels, to update unfunded requirements to the next level in the financial chain-of-command and to update the budget submission being prepared for delivery to Congress.

MILSTRIP/MILSTRAP--The Military Standard Requisitioning and Issue Procedures (MILSTRIP) system provides a standardized language of codes and coding techniques and a standard set of forms for requisitioning and issue transactions.

The Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP) system provides uniform procedures, codes and documents for use in transmitting receipt, issue and adjustment data between inventory managers and stock points in support of supply and financial management.

MINOR NEW CONSTRUCTION--Describes construction costing from $1 to $200,000; however, construction projects costing from $25,000 to $200,000 can only be processed as Minor Construction if so urgently required that authorization and funding cannot possibly be delayed for a regular Military Construction (MILCON) program. Projects costing $1 to $25,000 are always funded by the Navy appropriation for Operation and Maintenance. Projects

costing over $25,000 up to $200,000 will be funded by Navy appropriations for Military Construction.

MINOR PROPERTY--Navy personal property acquired for immediate use and having a unit cost of less than $5,000.

MULTI-YEAR APPROPRIATIONS--Appropriations available for incurring obligations for a definite period in excess of one fiscal year.

NAVY INDUSTRIAL FUND--A revolving industrial fund that finances industrial and commercial type activities that produce and furnish goods or render services to other activities on a reimbursable basis.

NAVY STOCK FUND--A revolving fund that finances inventory for issues to fleet and shore units and is reimbursed by its customers for issues made.

NEW OBLIGATIONAL AUTHORITY (NOA)--Authority to incur obligations becoming newly available for a given fiscal year, authorized by current and prior actions of the Congress.

NONAPPROPRIATED FUNDS--Monies derived from sources other than Congressional Appropriations, primarily from the sale of goods and services to DOD military and civilian personnel and their dependents and used to support or provide essential morale, welfare, recreational and certain religious and education programs. Another distinguishing characteristic of these funds is the fact that there is no accountability for them in the fiscal records of the Treasury of the United States.

OBJECT CLASSIFICATION--A uniform classification identifying the transactions of the federal government by the nature of the goods or services purchased (i.e., personnel compensation, supplies and materials, equipment) without regard to the agency involved or the purpose of the programs for which they are used.

OBLIGATION--A duty to make a future payment of money. The duty is incurred as soon as an order is placed, or a contract is awarded for the delivery of goods and the performance of services. It is not necessary that goods actually be delivered, or services actually be performed, before the obligation is created; neither is it necessary that a bill, or invoice, be received first. The placement of an order is sufficient. An obligation legally encumbers a specified sum of money which will require outlay(s) or expenditure(s) in the future.

OBLIGATION AVAILABILITY PERIOD--Appropriations have a specific obligational availability period or duration which can be grouped as either annual or multi-year. Generally, the duration of this period is consistent with the funding characteristics of the appropriation.

OBLIGATIONAL ACCOUNTING--A method of keeping track of the cumulative total of resources for which authority to spend has been passed for a particular fiscal year.

OBLIGATIONAL AUTHORITY--Three definitions may apply:
(1) An authorization by Act of Congress to procure goods and services within a specified amount by appropriation or other authorization.
(2) The administrative extension of such authority, as by apportionment or funding.
(3) The amount of authority so granted.

OFFICE OF MANAGEMENT AND BUDGET--Established as the Bureau of Budget by the Budget and Accounting Act of 1921; renamed in 1970. Major functions include:
1. assist the President in preparation of the budget and the formulation of the fiscal program;
2. supervise and control the administration of the budget; and
3. aid the President to bring about more efficient and economical conduct of government service.

OFFSETTING COLLECTIONS--Moneys received by the government as a result of business-type transactions with the public (sale of goods and services) or as a result of a payment from one government account to another. Such collections are netted in determining budget outlays.

OFFSETTING RECEIPTS--All collections deposited into receipt accounts that are offset against budget authority and outlays rather than reflected as budget receipts in computing budget totals. Under current budgetary usage, cash collections not deposited into receipt accounts (such as revolving fund receipts and reimbursements) are deducted from outlays at the account level. These transactions are offsetting collections but are not classified as "offsetting receipts."

OPEN APPROPRIATION ACCOUNT--An appropriation account, the balance of which has not been carried to the successor account or to surplus. The appropriation recorded in the account may be unexpired or expired.

OPERATING AND SUPPORT COSTS--Those recurring costs associated with operating, modifying, maintaining,

supplying and supporting a weapon/support system in the DOD inventory.

OPERATING BUDGET (OB)--An operating budget is the annual budget of an activity stated in terms of subactivity group codes, functional/subfunctional categories and cost accounts. It contains estimates of the total value of resources required for the performance of the mission including reimbursable work or services for others. It also includes estimates of workload in terms of total work units identified by cost accounts.

OPERATING BUDGET PLAN--An estimate of monetary needs for a fiscal year, developed by cost center managers and the activity comptroller by accounting group and subaccounting group.

OPERATING TARGET (OPTAR)--An administrative rather that legal limitation on expenditures provided to an afloat operating unit or department ashore.

OPERATION AND MAINTENANCE, NAVY (O&M,N)--An appropriation of funds from Congress intended to finance the basic day-to-day operation of the fleet and principal shore activities of the Navy, issued to Operating Budget (OB) holders for normal expenses incurred in operating and maintaining an activity.

ORDERING ACTIVITY--An activity which originates a requisition or order for procurement, production, or performance of work or services by another activity.

OTHER PROCUREMENT, NAVY (OPN)--An appropriation of funds established for the financing of specialized systems, programs or activities not funded by O&M,N.

OUTLAYS--Checks issued, interest accrued on the public debt, or other payments, net of refunds and reimbursements. Total budget outlays consist of the sum of the outlays from appropriations and funds in the budget, less receipts.

PAST YEAR--The fiscal year immediately preceding the current year; the last completed fiscal year.

PERFORMANCE BUDGET--A budget which focuses attention upon the general character and relative importance of the work to be done by taking as its basis the estimated cost of programs, function, and project designed to accomplish mission. For example, the cost of a functions; that is, operating a rifle range, communications centers, motor pool, etc.; versus the

cost of "things"; that is, supplies, equipment, personnel services, etc.

PERFORMING ACTIVITY--An activity which is responsible for performing work or service, including production of material and/or procurement of goods and services from other contractors and activities.

PLANNING ESTIMATE/OPERATING TARGET (OPTAR) HOLDER--A planning estimate/OPTAR Holder is a person granted administrative control of a designated amount of funds. Planning estimates/OPTARs are issued by operating budget holders to departments, divisions, etc., within a responsibility center.

PLANT PROPERTY--Navy owned/controlled real and personal property of a capital nature located in the naval shore establishment.

PRESIDENT'S BUDGET--The budget for a particular fiscal year transmitted to the Congress by the President in accordance with the Budget and Accounting Act of 1921, as amended.

PRINCIPAL ITEMS--A relatively small number of very high cost major end items which are procured through investment appropriations and normally managed by a hardware command. Principal items are normally issued to Navy end users without charge.

PROGRAM--A combination of program elements designed to express the accomplishment of a definite objective or plan which is specified as to the time-phasing of what is to be done and the means proposed for its accomplishment. Programs are aggregations of program elements, and, inturn, aggregate to the total FYDP.

PROGRAM COST CATEGORIES--

(1) Research and Development.
Those program costs primarily associated with Research and Development efforts including the development of a new or improved capability to the point where it is ready for operational use. These costs include equipment costs funded under the RDT&E appropriations and related Military Construction appropriation costs. They exclude costs which appear in the Military Personnel, Operation and Maintenance and Procurement Appropriations.

(2) Investment.
Those program costs required beyond the development phase to introduce into operational use a new

capability, to procure initial, additional or replacement equipment for operational forces or to provide for major modifications of an existing capability. They include Procurement and Military Construction appropriation costs, and exclude RDT&E, Military Personnel, and Operation and Maintenance appropriation costs.

(3) Operating.
Those program costs necessary to operate and maintain the capability. These costs include Military Personnel and Maintenance

PROGRAM DECISION MEMORANDUM (PDM)--A document which provides decisions of the Secretary of Defense on POMS and the JPAM.

PROGRAM ELEMENT--A description of a mission by the identification of the organizational entities and resources needed to perform the assigned mission. Resources consist of forces, manpower, material quantities, and costs, as applicable. The Program Element is the basic building block for the FYDP.

PROGRAM OBJECTIVES MEMORANDUM (POM)--A memorandum in prescribed format submitted to the Secretary of Defense by the secretary of a military department or the director of defense agency which recommends the total resource requirements within the parameters of the published Secretary of Defense fiscal guidance.

PROGRAMMING COST--Cost data for making program decisions. Programming costs are based on sets of factors which will provide consistent cost data under the same or similar circumstances, and which are directly related to the explicit elements of the program decision.

PROJECT--A planned undertaking having a finite beginning and ending, involving definition, development, production and logistic support of a major weapon or weapon support system or systems. A project may be the whole or part of a program. A Designated Project is a project which, because of its importance or critical nature, has been selected for intensified project management.

PROJECT MANAGER--The individual within the bureaus, and offices responsible, within well-defined boundaries of time, resources, and performance requirements, for executing an approved project.

PROJECT ORDER--A specific, definite and certain order between Navy activities, for work or for the manufacture of supplies, material or equipment which, for the purpose of

obligation assumes the characteristics of orders or contracts placed with commercial enterprises.

PROMPT PAYMENT ACT--Legislation that requires the Federal Government to pay interest on late payments made on contracts and purchase orders.

REAPPORTIONMENT--A revision of an annual "apportionment" during the fiscal year, either upwards or downwards.

REAPPROPRIATION--Congressional action to restore the obligational availability, whether for the same or different purposes, of all or part of the unobligated portion of budget authority in an expired account. Obligational availability in a current account may also be extended by a subsequent appropriation act.

RECEIVABLES--A collective term used to describe amounts due or to become due from others, usually within a relatively short time.

RESCISSION--A legislative action which cancels budget authority previously provided by Congress.

RECLAMA--A formal appeal in the DON/DOD decision-making process through which an issue that has been disapproved (in whole or part) may be resubmitted for further consideration.

RECONCILIATION--A process in which Congress includes a budget resolution "reconciliation instructions" to specific committees, directing them to report legislation which changes existing laws, usually for the purpose of decreasing spending or increasing revenues by a specified amount by a certain date. The reported legislation is then considered as a single "reconciliation bill."

REFUNDS--Recoveries of excess payments which are for credit to an appropriation or fund account. These items, such as the recovery of a salary overpayment or a return of the unused portion of a travel advance, will not be included as reimbursements but will be treated as reductions of disbursements. Refunds will also include credits to an appropriation o fund account due to accounting adjustment relating to obligations or disbursements where such procedure is permitted by law or regulations.

REIMBURSABLE EXPENDITURE--An expenditure made for another agency, fund, or appropriation, or for a private individual, firm or corporation, which subsequently will be recovered.

REIMBURSABLE OPTAR--Funds provided by a tenant to a host command in return for the host's providing specified and mutually agreed services.

REIMBURSABLE WORK ORDER (RWO)--A request to provide a product or service to the requestor which may entail expenditure of labor, material, services or subcontractual support to fulfill the request, and with funds coming from outside the Operating Budget.

REIMBURSEMENTS--Amounts received by an activity for the cost of material, work, or services furnished to others, for credit to an appropriation or other fund account.

REPROGRAMMING--The transfer of funds between programs of an appropriation; a shifting of funds from the original purpose for which they were justified by Congress.

REQUEST FOR CONTRACTUAL PROCUREMENT--A reimbursable order normally used to provide funds for direct citation on contracts or requisitions. These citations are of the requestor's fund vice those of the performing contracting activity.

RESCISSION BILL--A bill or joint resolution that provides for cancellation, in whole or in part, of budget authority previously granted by the Congress. Under the Impoundment Control Act of 1974, unless approves a rescission bill within 45 days of continuous session after receipt of the proposal, the budget authority must be made available for obligation.

RESOURCE AUTHORIZATION--Title of the Funding Document NAVCOMPT 2168-1, NAVCOMPT 372, etc., authorizing Obligation and/or Expense/Military Services Authority (funds).

RESOURCE MANAGEMENT SYSTEM (RMS)--The formalized system by which the Navy tracks and accounts for financial resources provided to and employed by Navy ashore commands within the Operations and Maintenance Appropriation.

RESOURCES--Resources consist of military and civilian personnel, material on hand and on order, and the entitlement to procure or use material, utilities and services.

RESPONSIBLE OFFICE--The office, bureau, systems command, or Headquarters, U.S. Marine Corps which has assigned the responsibility for overall management for all programs financed by an appropriation. The Director, CNO Fiscal Management Division (OP-82) is the responsible office for all Navy appropriations, except RDT&E,N appropriation. The Headquarters, U.S. Marine Corps is the responsible office

for all Marine Corps appropriations. The Assistant Secretary of the Navy (Research, Engineering Systems) is the responsible office for RDT&E,N.

RESPONSIBILITY CENTER--An activity listed in the Standard Navy Distribution List. Several activities may be combined in one responsibility center when the individual activities are considered small enough to justify the combination or when operational requirements make the combination necessary.

RETAIL STOCK--Control of requirements for this material is determined by the local retail stock point based upon guidance from the Fleet Material Support Office. (Material is pulled to the stock point.)

REVENUES--Money collected by the federal government as duties, taxes or as premiums from social insurance programs.

REVOLVING FUND--A fund established to finance a cycle of operations in which reimbursements and collections are returned for reuse in a manner that will maintain the principal of the fund; (e.g., working capital funds, industrial fund).

SECONDARY ITEMS--DON stock fund material, a large quantity of which are relatively inexpensive. Items include consumables, repair parts and depot repairables.

SEQUESTRATION--The automatic process of reducing federal outlays, invoked through the Office of Management and Budget and the General Accounting Office, when the Congress and the President are unable to enact appropriation acts that meet the Gramm-Rudman-Hollings mandated deficit levels.

SERVICES REQUEST--An order for services to be performed issued by an activity, organization or private party to another. Documents utilized for this purpose are ordered for Work and Services (NAVCOMPT Form 2275), Requisition (DD Form 1345), and Request for Issue or Turn-in (DD Form 1150). The accepted order is the basic source of authority to incur costs and perform work.

SNAPSHC --The estimate of the projected deficit for the upcoming fiscal year made by the Directors of the Congressional Budget Office and the Office of Management and Budget on August 15 each year under the provisions of the Gramm-Rudman-Hollings Act.

SOLE USE FACILITY--A building or structure that is designated for the exclusive use of the receiver. Identifiable costs are reimbursable.

SPECIFIC JOB ORDER--A job order established for the accomplishment of specified work with an estimated completion date and for which summarization of cost incurred is desired upon completion.

SPENDING PLAN--A responsibility center's documented budget execution plan detailing how it intends to spend that fiscal year's funds.

STABILIZED RATES--Rate stabilization is the development and utilization of predetermined rates for billing customers for work to be accomplished by activities.

STANDARD DOCUMENT NUMBER--A 15-character number assigned to each document prepared and processed as inputs to the financial system. The first six positions represent the unit identification code (UIC) of the issuing activity.

STANDING JOB ORDER--A job order established to provide for services in connection with the maintenance and operation of the activity during a specified period.

STORES ACCOUNT--An account reflecting the cost and/or the quantity of supplies on hand and available for issue.

SUBHEAD--A four digit numerical or alpha-numeric number identifying the first level subdivision of an appropriation used primarily for administration, accounting and control of an appropriation.

SUCCESSOR "M" ACCOUNT--Upon lapse of annual and multiple-year appropriations, the obligated but unexpended balances merge/transfer into the Appropriations Successor "M" Account.

SUPPLEMENTAL APPROPRIATION--An appropriation enacted as an addition to a regular annual appropriation act. Supplemental appropriations provide additional budget authority beyond original estimates for programs or activities which are too urgent to be postponed until the next regular appropriation.

SUPPORTING ACTIVITY--An activity that provides only services to another activity.

SURCHARGE--A specified percentage of costs added to the regular charges for billing a customer. Normally the customer is a government department outside the Department of Defense, a foreign government or private party.

SURPLUS--The amount by which revenues exceed outlays.

TENANT ACTIVITY--An activity that uses facilities and receives support from another activity.

TOTAL OBLIGATIONAL AUTHORITY (TOA)--TOA is the total amount of funds available for programming in a given year, regardless of the year the funds are appropriated, obligated or expended. TOA includes new obligational authority, unprogrammed or reprogrammed obligational authority from prior years, reimbursements not used for replacement of inventory in kind, advance funding for programs to be financed in the future and unobligated balances transferred from other appropriations.

TRANSACTION (FINANCIAL)--The conduct of business involving the participation of two or more parties for the purpose of exchange of goods or services for money or other considerations. A transaction is comprised of various stages before completion. The function of an accounting system is to identify, classify and record transactions.

TRANSFERRING--Moving funds between appropriations; requires prior approval from Congress.

UNDELIVERED ORDERS--An undelivered order is any document, meeting the criteria of an obligation, issued for material or services that has not as yet been received by the activity that ordered it. Includes material requisitions applicable to reimbursable orders issued for material to be delivered from a stock funded inventory, purchase orders issued which cite annual appropriations and overhead materials requisitions issued by modified industrial activities whose operations are principally financed by reimbursable orders.

UNDISTRIBUTED DISBURSEMENTS--Disbursements not processed by the authorization accounting activity against obligation records.

UNFUNDED REIMBURSEMENTS--Unfunded reimbursements result when work or services are provided without a specific order. Reimbursement for user charges (i.e., commissary surcharge) and jury duty fees, are examples.

UNFUNDED REQUIREMENTS--Those programs and functions which cannot be performed within the constraints of the control numbers assigned to an activity.

UNIFIED BUDGET--Describes the way the federal budget is currently displayed. This display includes revenues and spending for all regular federal programs and trust funds except Social Security, which was removed from budget totals beginning with Fiscal Year 1987. Prior to the creation of the unified

budget in 1969, all trust funds were excluded from budget totals.

UNIFORM CHART OF EXPENSE ACCOUNTS--The Uniform Chart of Expense Accounts provides a basis for classifying and charging all expenses to the Navy for doing business. It facilitates comparisons and combinations of budget and accounting reports and brings budgeting and accounting information into line with the programming part of the FYDP.

UNLIQUIDATED OBLIGATIONS--Outstanding obligations with no matching expenditures.

UNMATCHED DISBURSEMENTS--Disbursements that cannot be matched to existing obligations.

VOUCHER--Any document which is evidence of a transaction, showing the nature and amount of the transaction. It usually indicates the accounts in which the transaction is to be recorded.

VOUCHER NUMBER--A serial number assigned to a voucher used to make payments to a contractor for delivery of supplies or performance of a service.

WARRANT--An official document issued by the Secretary of the Treasury and countersigned by the Comptroller General of the United States by which monies are authorized to be withdrawn from the Treasury. Warrants are issued after appropriations and similar congressional authority have been enacted.

WHOLESALE STOCK--Stock requirements and availability is determined by the appropriate wholesale Navy inventory control point. (Material is pushed to the stock point by the appropriate inventory control point.)

WORK MEASUREMENT--The process of establishing performance standards in terms of hours per work unit. Some of the principal techniques used are: stopwatch observations, synthesis of predetermined standards; work sampling; and statistical inference from historical data. The principal purpose of the standards is to compare the work performed with the manhours expended. Such information may be used for personnel planning, work scheduling, budget justification and cost control.

WORK UNIT--Work units are measures of output that express volume of work; conversely, manhours and dollars are measures of input required to produce work units or perform work.

WORKING CAPITAL FUND--A revolving fund used as a source of financing for work that will be paid for by the customer after the completion of the job.

WORK-IN-PROCESS ACCOUNT--Temporary investment of cost into customer requested work which as yet is unbilled.

YEAR-TO-DATE (YTD)--Cumulative totals lodged against job orders or cost accounts from the beginning of the fiscal year to current date.

ZERO BASED BUDGETING (ZBB)--A systematic process in which management undertakes the careful examination of the basis for allocating resources in conjunction with the formulation of budget requests and program planning. Generally, ZBB involves displaying budget requests across varying performance levels and priorities.

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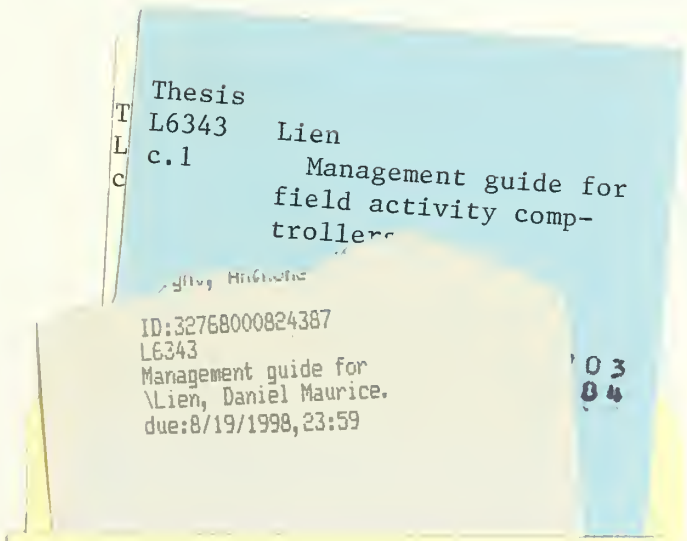
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